



Living On Dollar Street

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Standards and Benchmarks (see page 10)

Lesson Description

After reviewing the broad concepts of GDP and income, students work with a partner and use the Dollar Street website from Gap Minder to conduct research to analyze three countries from three broad income categories. They complete the research by finding information from the CIA World Factbook to support the findings from Dollar Street.

Concepts

Income
Per capita GDP
Standard of living

Objectives

Students will be able to

- compare living standards in various countries,
- describe the connection between income and living standards.

Compelling Question

How can we measure standard of living?

Time Required

60 minutes

Materials

- “Living on Dollar Street” Power Point deck, Slides 1-5
- Handout 1, one copy for each student
Note: The handout has the per capita income of Atlanta, Georgia, taken from the Census Bureau’s Quick Facts website. The site has information for all states and counties, and for cities and towns with a population of 5,000 or more. You may wish to find the income for your school’s community. Take the annual amount and divide by 12. The site can be accessed at <https://www.census.gov/quickfacts/fact/table/US/PST045218>.
- Internet access for each student to access Dollar Street at <https://www.gapminder.org/dollar-street/matrix>, as well as the CIA World Factbook
- Demonstration computer with projector



Procedure

1. Tell students that per capita GDP is an important measure that can reveal something about the standard of living in a country, but per capita GDP has limitations. Display Slide 2 and discuss the following definitions with students:
 - **Gross domestic product (GDP)** is the total market value, expressed in dollars, of all final goods and services produced in an economy in a given year.
 - **Per capita gross domestic product (per capita GDP)** is the GDP divided by the total population of a country. It represents an average of production for every person in the county. Because it is an average, it does not necessarily represent how most of the people in the country live. However, it does allow you to make comparisons between/among countries more easily.
2. Explain to students that personal income and GDP are closely related but not identical concepts. However, they almost always move together. When GDP rises, personal income rises. When GDP falls, personal income falls. Display Slide 3 and discuss the following definitions with students:
 - **Income** is the payment people receive for providing resources in the marketplace. When people work, they provide human resources (labor), and in exchange they receive income in the form of wages or salaries. People also earn income in the forms of rent, profit, and interest.
 - **Per capita personal income** is the total income earned by individuals in a state, region, or country during a year, divided by the population of the state, region, or country. Like per capita GDP it is an average.
3. Explain that both per capita GDP and per capita personal income can be used to measure standards of living, but both are averages that don't necessarily represent how most people in a county live. Tell students that they will be using Dollar Street to compare the living standards of people around the world. Explain the following:
 - Each house has an address on Dollar Street that represents the amount of consumption for each adult in the household.
 - Consumption is used, rather than per capita income, because simple income calculations often misstate the living standards of people in poorer countries.
 - The amounts were converted to U.S. dollars using a purchasing power parity calculation.
 - Many countries have multiple households included on the site. These represent a range of income/ consumption levels in the country. Every country has a range of income around the per capita personal income/per capita GDP.
4. Use the following two resources from the website, as desired, to familiarize students with Dollar Street's features:
 - A student guide can be found at <https://www.gapminder.org/teaching/materials/>.
 - An 11-minute TED Talk from the inventor of Dollar Street can be found on the "About" page of the website at <https://www.gapminder.org/dollar-street/about>.



5. Assign or have each student choose a partner. Give each set of partners a copy of *Handout 1: Living on Dollar Street*. Model how to complete the first part of Handout 1. Demonstrate how to use the Dollar Street website to find a household for Category 1. After you have modeled how to use the website to complete the first part of the handout, have partners work together to complete the top section of page 1. When all students have completed the top section of the page, stop and model how to complete the bottom section of the first page. Using “Drinking Water” from the dropdown menu on the website, find a household for Category 1 and demonstrate how you make observations and record them in the bottom section of page 1. After you have modeled one category, have partners complete the bottom section of the handout together. Partners should be able to complete the remaining parts of Handout 1 (pages 2-5) by themselves.
6. Have two sets of partners join to discuss and debrief their research and findings for their chosen countries. Display Slide 4 to show the questions. Allow time for the two sets of partners to discuss the questions. After they have discussed the questions, have students share out and discuss the questions and what they learned.
 - Overall, as you looked at the three countries, were the lifestyles driven more by income or by location? In other words, were two countries on the same continent more likely to be similar overall or were two countries with similar income more likely to be similar overall? (*Answers will vary but should reflect the idea that income drives living standards.*)
 - Generally, income drives living standards. So, it is likely that households with similar incomes had more similar lifestyles regardless of the country. As incomes rise, living standards rise. As incomes fall, living standards fall.
 - When you looked at the categories for necessities, what did you observe? What were the similarities and differences across income levels? (*Answers will vary.*)
 - When you looked at the categories for aspirations, what did you observe? (*Answers will vary.*)
 - What surprised you about the households that you researched? (*Answers will vary.*)
 - How did the per capita GDP information that you found compare to the information on Dollar Street? (*It is likely that there was a difference.*)
 - The Dollar Street numbers represent a specific family’s consumption and not an average for the entire country. So, it is likely that the numbers were quite different.
 - Per Capita GDP is an average for a country and does not necessarily represent how most people in a country live.
 - Did the information from the World Factbook confirm or contradict your conclusions about standards of living? Why? (*Answers will vary.*)

Closure

7. Use the following questions found on Handout 1 page 5 to review the key points of the lesson.
 - How can gross domestic product be used to compare living standards in various countries? (*You can divide the gross domestic product for a country by the population of the country. This gives you per capita GDP. You can compare per capita GDP from various countries.*)
 - How did you use Dollar Street to compare living standards in various countries? (*We looked at the types of goods people had access to in order to draw conclusions about their standard of living.*)



- What is the connection between income and living standards? (*The higher income people have, the better their living standards tend to be.*)
- Now think about your own household. Explain how your standard of living compares to the rest of the world. (*Answers will vary, but students should draw on information that reflects things they learned from Dollar Street and the CIA World Factbook. For example, the type of home they have, the types of goods they have, whether they have necessities, what their community is like—phones, roads, and so on.*)

Assessment

8. Collect student copies of Handout 1 and assess their research and findings. Be sure that students: identified three countries, each on a different continent and completed each section of the handout and responded to the questions at the end.



Handout 1: Living on Dollar Street (page 1 of 5)

Category 1	Category 2	Category 3
In Atlanta, Georgia, the per capita monthly household income is \$3,383.	Minimum wage in the United States is \$7.25. Assuming an individual worked 40 hours per week, 4 weeks per month, that is a monthly income of \$1,160.	According to the Pew Research Center, 56% of the world's population lives on \$2 to \$10 per day. That is a monthly income between \$60 and \$300.

Find three households from three of these nine countries: Australia, Brazil, Germany, India, Mexico, Kenya, Nigeria, South Korea, and Turkey. Make sure that each country you select is from a different continent. Each country you choose should have approximately the same income as the household incomes in one of the categories above. Enter the name of the country in the appropriate column below.

Category 1	Category 2	Category 3
≈\$3,383	≈\$1,160	Between \$60 and \$300

Using the *Families* dropdown menu, look up *Drinking Water*, *Cooking Pots*, *Cooking Utensils*, *Clothing and Homes* of the three countries you selected. Record your observations about the households from each category below.

Category 1	
Category 2	
Category 3	



Handout 1: Living on Dollar Street (page 2 of 5)

What similarities and differences do you notice between the three categories when you look at these necessities?

Using the *Families* dropdown menu, look up *Most loved items*, *Things I dream of having*, and *Next big things I plan to buy* of the three countries you selected. Record your observations about the households from each category below.

Category 1	
Category 2	
Category 3	

What similarities and differences do you notice between the three categories when you look at these aspirations?



Handout 1: Living on Dollar Street (page 3 of 5)

Pick three other categories from the *Families* dropdown menu to compare for your three countries. List your chosen topics and record your observations about similarities and differences across the categories.

Topic	Observations



Handout 1: Living on Dollar Street (page 4 of 5)

List the three different countries in the table below. Complete the table using the CIA World Factbook, found at <https://www.cia.gov/the-world-factbook/countries/>.

	Category 1	Category 2	Category 3
Countries			
Life expectancy			
% of population under 15			
Government type			
GDP most recent year (use purchasing power parity, PPP)			
Per capita GDP most recent year (PPP)			
% of total population with electricity			
Cell phone subscriptions per 100 inhabitants			



Standards and Benchmarks

Voluntary National Content Standards in Economics

Standard 15: Economic Growth

Investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

- **Benchmarks: Grade 12**

1. Historically, economic growth that raises per capita output has been a vehicle for alleviating poverty and raising standards of living.

Standard 18: Economic Fluctuations

Fluctuations in a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy. Recessions occur when overall levels of income and employment decline.

- **Benchmarks: Grade 8**

4. GDP per capita is GDP divided by the population of a country