

TABLE 2-1 Market Exchange Rate Versus Purchasing Power Parity Methods of Converting GDP

	UNITED STATES			INDIA		
	QUANTITY	PRICE (US\$)	VALUE OF OUTPUT (BILLION US\$)	QUANTITY	PRICE (RUPEES)	VALUE OF OUTPUT (BILLION RUPEES)
Steel (million tons)	200	1,000 per ton	200	25	50,000 per ton	1,250
Retail sales personnel (millions)	2	20,000 per person per year	40	4	60,000 per person per year	240
Total GDP (local currency, billions)			240			1,490

Market exchange rate based on steel prices = Rs 50,000/\$1,000 or Rs 50 = US\$1.

1. India's gross domestic product (GDP) in U.S. dollars calculated by using the official exchange rate: Rs 1,490 billion/Rs 50 = US\$29.8 billion.

2. India's GDP in U.S. dollars calculated by using U.S. prices for each individual product or service and applying that price to India's quantities (that is, using purchasing power parity [PPP]):

Steel: 25 million tons × \$1,000/ton = \$25 billion

Retail sales personnel: 4 million people × \$20,000/person = \$80 billion

GDP: \$25 billion + \$80 billion = \$105 billion

3. Ratio of PPP calculation of India's GDP to official exchange rate calculation: \$105 billion/\$29.8 billion = 3.5

TABLE 2-2 Comparing GDP per Capita Using Market Exchange Rates and PPP in 2009 (US\$)

COUNTRY	GDP AT MARKET EXCHANGE RATES	GDP AT PPP	RATIO OF PPP CALCULATION TO MARKET EXCHANGE RATE CALCULATION
Norway	79,089	56,214	0.7
Japan	39,738	32,417	0.8
Germany	40,670	36,378	0.9
United Kingdom	35,165	35,155	1.0
United States*	45,989	45,989	1.0
Hungary	12,868	20,312	1.6
Lebanon	8,175	13,070	1.6
China	3,744	6,828	1.8
Botswana	6,064	13,384	2.2
Bolivia	1,751	4,419	2.5
Vietnam	1,113	2,953	2.7
Ethiopia	344	934	2.7
India	1,192	3,296	2.8
The Gambia	430	1,415	3.3

*Gross domestic product (GDP) per capita in the United States is unchanged when measured in terms of purchasing power parity (PPP). This must be the case because the United States is used as the reference country by the International Comparison Program (ICP). As with any index number, the price index at the heart of the ICP must be compared relative to some base, and by convention, U.S. prices were selected.

Source: World Bank, "World Development Indicators," <http://databank.worldbank.org>.

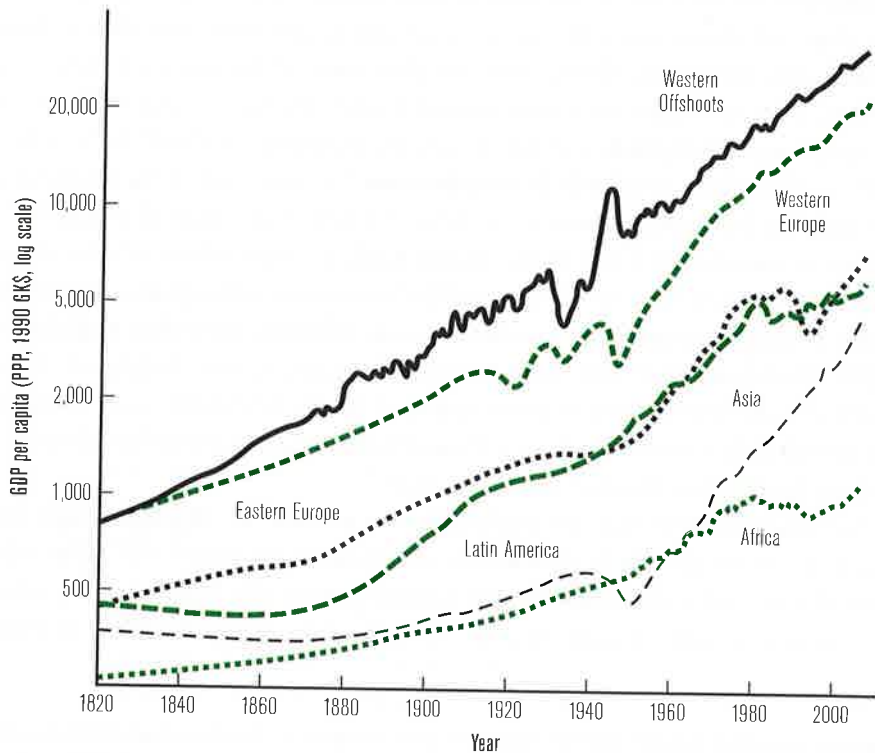


FIGURE 2-1 Levels of GDP per Capita by Region: 1820–2008

Notes: Western offshoots include Australia, Canada, New Zealand, and the United States. GDP, gross domestic product; GKS, Geary-Khamis dollars; PPP, purchasing power parity.

Source: Angus Maddison, "Statistics on World Population, GDP, and Per Capita GDP, 1–2008 AD," www.ggdc.net/MADDISON/Historical_Statistics/vertical-file_02-2010.xls.

TABLE 2-3 Rate of GDP per Capita Growth (Percent/Year)

	1970s	1980s	1990s	2000s
East Asia and Pacific	5.0	6.4	6.1	8.6
Europe and Central Asia	4.4	1.5	-2.9	5.7
Latin America and Caribbean	3.0	-0.3	1.7	2.5
Middle East and North Africa	3.0	-1.1	0.8	2.9
South Asia	1.2	3.5	3.8	5.7
Sub-Saharan Africa	1.1	-1.2	-0.2	2.6
High income	2.4	2.5	1.8	1.3

Sources: World Bank, *World Development Report 1995* (New York: Oxford University Press, 1995).
World Bank, *World Development Report 2000/2001* (New York: Oxford University Press, 2001). World
Bank, *World Development Report 2011* (Washington, DC: World Bank, 2011).

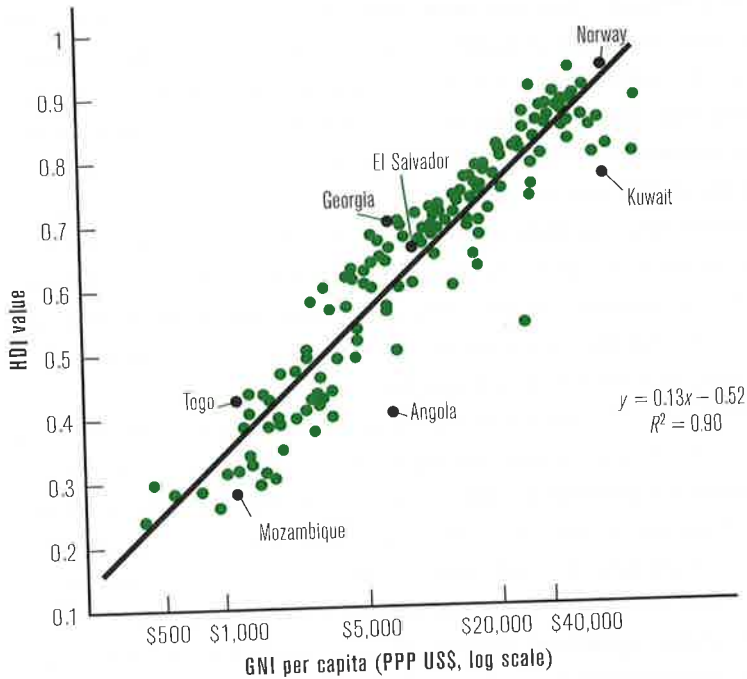


FIGURE 2-2 HDI Versus GNI per Capita by Country (2010)

Source: UN Development Programme, *Human Development Report 2010* (New York: UN Development Programme, 2010), http://hdr.undp.org/en/media/HDR_2010_EN_Contents_reprint.pdf.

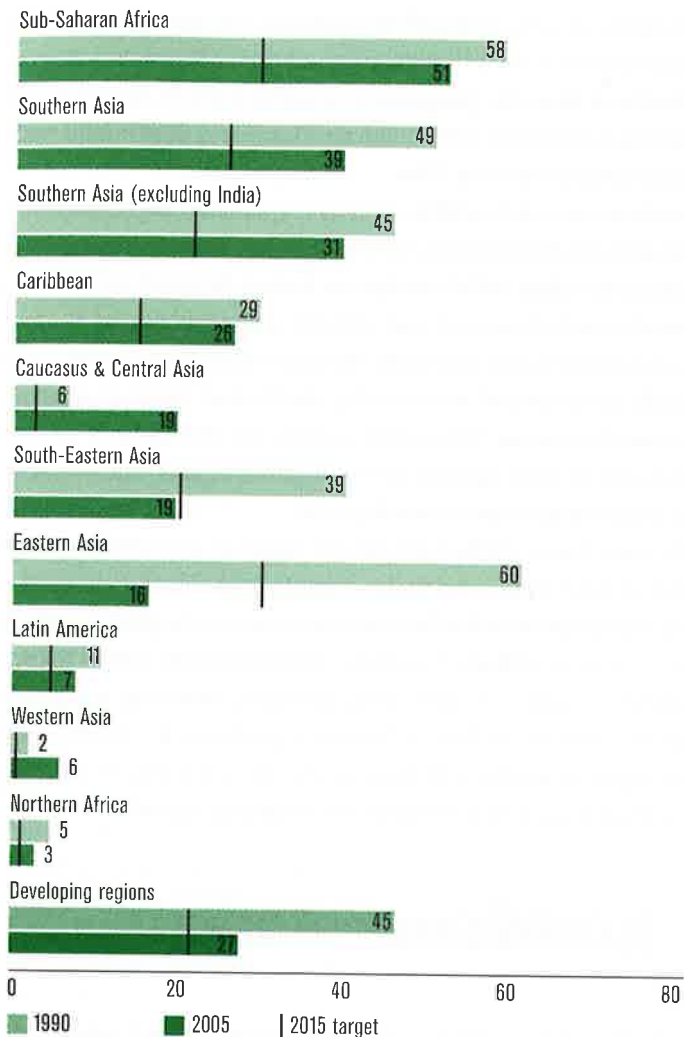


FIGURE 2-3 Proportion of People Living on Less Than \$1.25 a Day, 1990 and 2005 (Percentage)

Source: Figure from the *Millennium Development Goals Report, 2011*. The World Bank. Reprinted by permission of United Nations Publications.

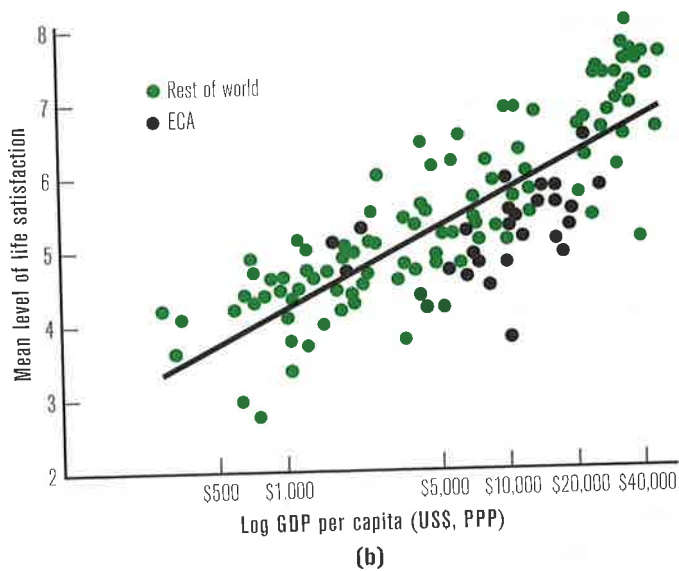
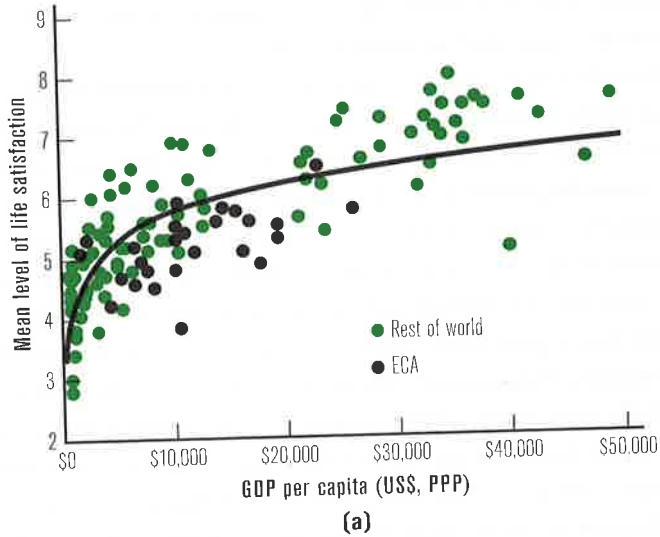


FIGURE 2-4 Life Satisfaction as a Measure of Well-Being (2008)