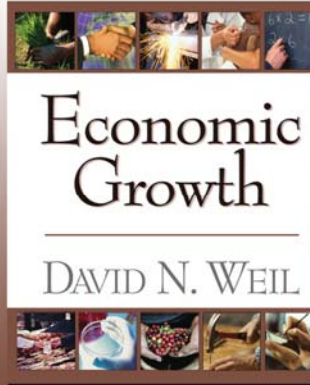


# Chapter 1

The Facts to Be Explained



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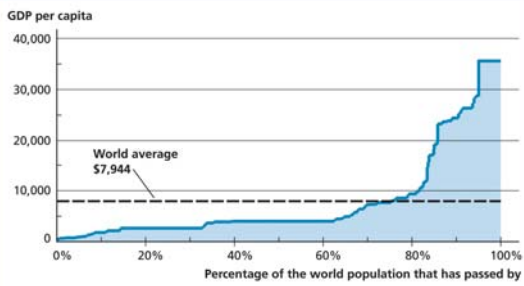
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**FIGURE 1.1**  
The Parade of World Income



Source: Heston, Summers, and Aten (2002).

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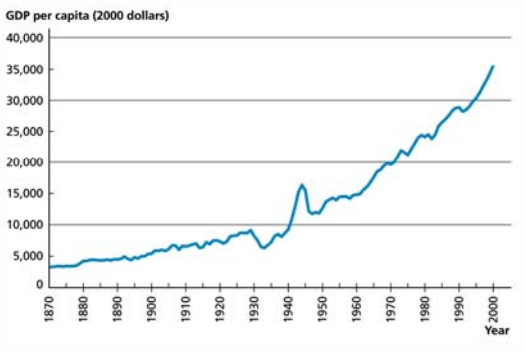
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**FIGURE 1.2**  
GDP per Capita in the United States, 1870–2000



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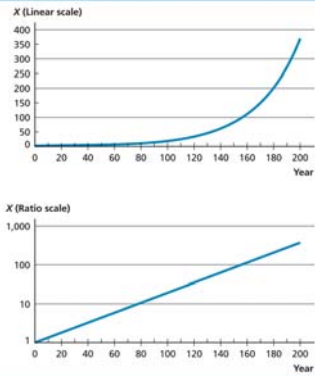
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**FIGURE 1.3**  
The Effect of Using a Ratio Scale



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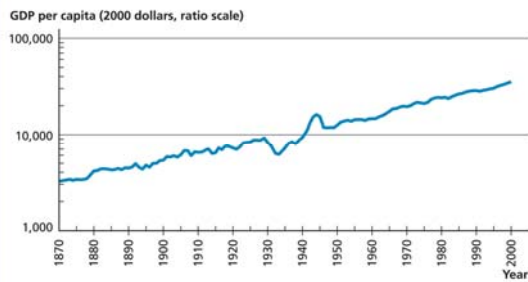
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**FIGURE 1.4**  
GDP per Capita in the United States, 1870–2000 (Ratio Scale)



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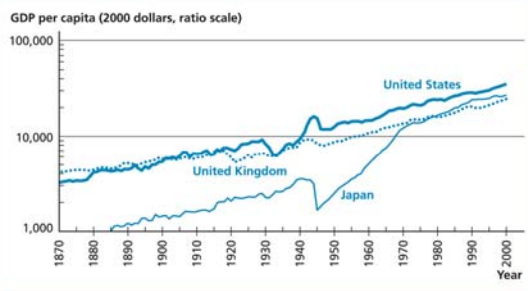
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**FIGURE 1.5**  
GDP per Capita in the United States, the United Kingdom, and Japan, 1870–2000



Source: Maddison (1995).

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**TABLE 1.1**  
Top Ten Countries in the Year 2000 According to Three Different Measures

Rank	Highest GDP per Capita		Largest Economies		Most Populous Countries	
	Country	GDP per Capita (\$)	Country	Total GDP (\$ trillions)	Country	Population (millions)
1	Luxembourg	47,020	United States	9.80	China	1,259
2	United States	35,587	China	5.04	India	1,016
3	Norway	28,925	Japan	3.35	United States	275
4	Canada	28,758	India	2.69	Indonesia	210
5	Hong Kong	28,538	Germany	2.01	Brazil	170
6	Denmark	28,442	France	1.44	Russian Federation	146
7	Switzerland	28,234	Great Britain	1.42	Pakistan	138
8	Ireland	28,198	Italy	1.34	Bangladesh	131
9	Australia	27,320	Brazil	1.31	Japan	127
10	Iceland	26,484	Russian Federation	1.25	Nigeria	127

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**TABLE 1.2**  
Production and Prices in Richland and Poorland

Country	Production of Televisions per Capita	Production of Haircuts per Capita	Price of Televisions in Local Currency	Price of Haircuts in Local Currency	GDP per Capita in Local Currency
Richland	4	40	10	2	120
Poorland	1	10	10	1	20

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**TABLE 1.3**  
The Effect of Using PPP on Comparisons of GDP

Country	GDP per Capita in 2000 Using Market Exchange Rates (dollars)	GDP per Capita in 2000 Using PPP Exchange Rates (dollars)
United States	35,587	35,587
Japan	37,560	26,375
Germany	22,700	24,430
Argentina	7,675	11,765
Mexico	5,922	9,366
India	450	2,650

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