

Is Life Getting Better?

A beginners guide on measuring the progress of societies:

Economic indicators
GDP per capita

Produced by

The Global Social Change Research Project
<http://gsociology.icaap.org/>

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This is the fifth in a set of pamphlets about measuring well-being and progress of societies.

In this pamphlet, and in the next four, we briefly discuss economic indicators of progress.

Economic indicators, like the Gross Domestic Product (GDP) per capita, are often typical methods of measuring progress.

This pamphlet will briefly discuss GDP per capita. The following pamphlet will discuss a few other indicators: poverty and income inequality.

Source:

Statistics and the quality of life
Measuring progress - a world beyond GDP
A Reader by Monika Hoegen, Edited by Thomas Wollnik
<http://www.oecd.org/dataoecd/32/18/44227733.pdf>

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What is GDP?

GDP measures the value of final goods and services produced inside a country in a given period of time.

GDP includes market production, and some non-market production such as defense and education services provided by governments, and various services by some nonprofit institutions.

Some of the things not included are unpaid volunteer work for charities, illegal or black-market activities, and activities in the home like care of one's own children.

GDP also is limited to goods and services produced within the country. Thus, GDP of a country includes goods and services produced inside the country by foreign companies, but excludes goods and services produced outside that country by companies from that country.

GDP per capita is the national GDP divided by the total population. GDP per capita is the average wealth per person.

Source:

Measuring the Economy: A Primer on GDP and the National Income and Product Accounts
<http://www.bea.gov/national/index.htm#gdp>

Is Life Getting Better?

However, “while GDP is used as an indicator of economic progress, it is not a measure of well-being (for example, it does not account for rates of poverty, crime, or literacy).”

Also, average economic wealth (GDP per capita) “does not tell us anything about the distribution of wealth or the income gap between rich and poor in a certain country.”

GDP per capita is, however, a rough indicator of a nation's prosperity.

As a rough indicator of prosperity, GDP per capita is useful as one in a set of indicators.

First quote from:

Measuring the Economy: A Primer on GDP and the National Income and Product Accounts
<http://www.bea.gov/national/index.htm#gdp>

Second quote from:

Quotes from Hoegen, “Statistics and the quality of life” page 6,
<http://www.oecd.org/dataoecd/32/18/44227733.pdf>

Third source:

International comparisons of GDP per capita and per employed person 17 countries, 1960-2008
Division of International Labor Comparisons, July 28, 2009
<http://www.bea.gov/national/index.htm#gdp>

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How does GDP per capita relate to other indicators of progress?

	Correlation of GDP per capita with
Human Rights	0.51
Infant Mortality Rate	-0.49
Expected years of school	0.58

GDP per capita has a moderate relationship with these three indicators. That means that, in general, countries that have higher GDP per capita also are more likely to have more human rights, lower infant mortality rate, and people with more education.

However, the moderate relationship also means that this is not necessarily true for all countries. Some countries may have high GDP per capita and less human rights or higher infant mortality rate.

So a complete picture of the progress of society needs a set of indicators, including GDP per capita and others.

Data for table:

Current world data data set is here

<http://gsociology.icaap.org/dataupload.html>

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