

SECTION 1

Gross Domestic Product Per Capita

Gross Domestic Product (GDP) per capita, when converted to U.S. dollars using Purchasing Power Parities (PPPs), is the most widely used income measure for international comparisons of living standards. It should be recognized that income measures do not capture a number of variables affecting economic well-being, such as leisure time, health, safety, and cultural resources.

PPPs are the number of foreign currency units required to buy goods and services in a foreign country equivalent to what can be bought with one dollar in the United States. These are used to equalize the purchasing power of different currencies. PPPs are used instead of exchange rates because market exchange rates do not necessarily reflect the relative purchasing power of different currencies.

Charts 1.1 and 1.2 compare the level of GDP per capita in the most recent year and the trend over the past 10 years for 20 of the 22 economies shown on various charts in this chartbook. A weighted aggregate for 15 European Union countries (EU-15) also is included on both charts.