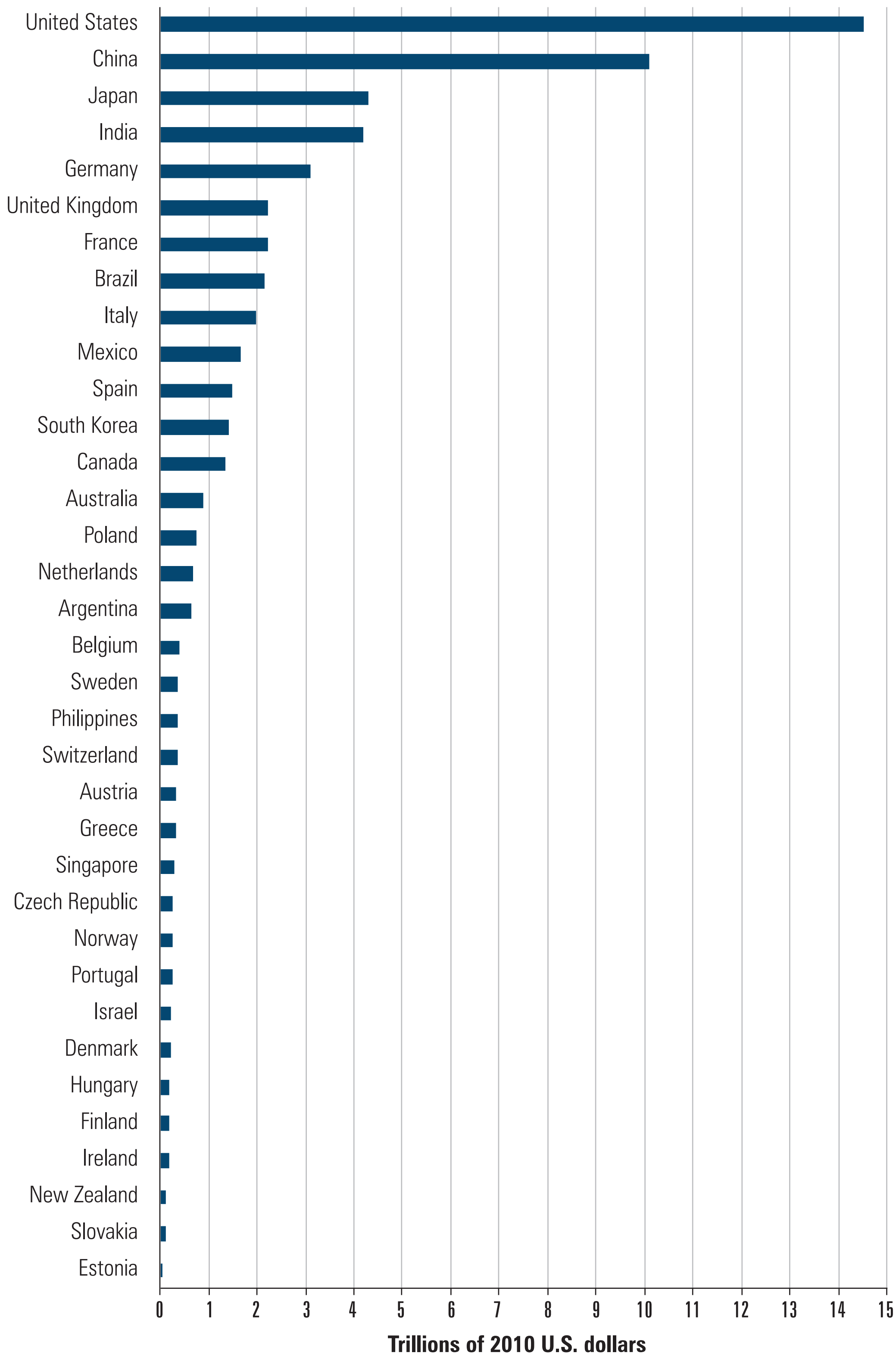
1 SECTION

Gross Domestic Product

Gross domestic product (GDP) is a measure of a country's economic output. GDP per capita and GDP per employed person are related indicators that provide a general picture of a country's well-being. GDP per capita is an indicator of overall wealth in a country, and GDP per employed person is a general indicator of productivity.

Gross domestic product, selected countries, in U.S. dollars, 2010



NOTE: GDP is converted to U.S. dollars using purchasing power parities (PPP). See section notes.

SOURCES: U.S. Bureau of Labor Statistics and The World Bank.

CHART 1.1

Gross domestic product (GDP) was more than 14 trillion dollars in the United States and exceeded 4 trillion dollars in only three other countries: China, Japan, and India.

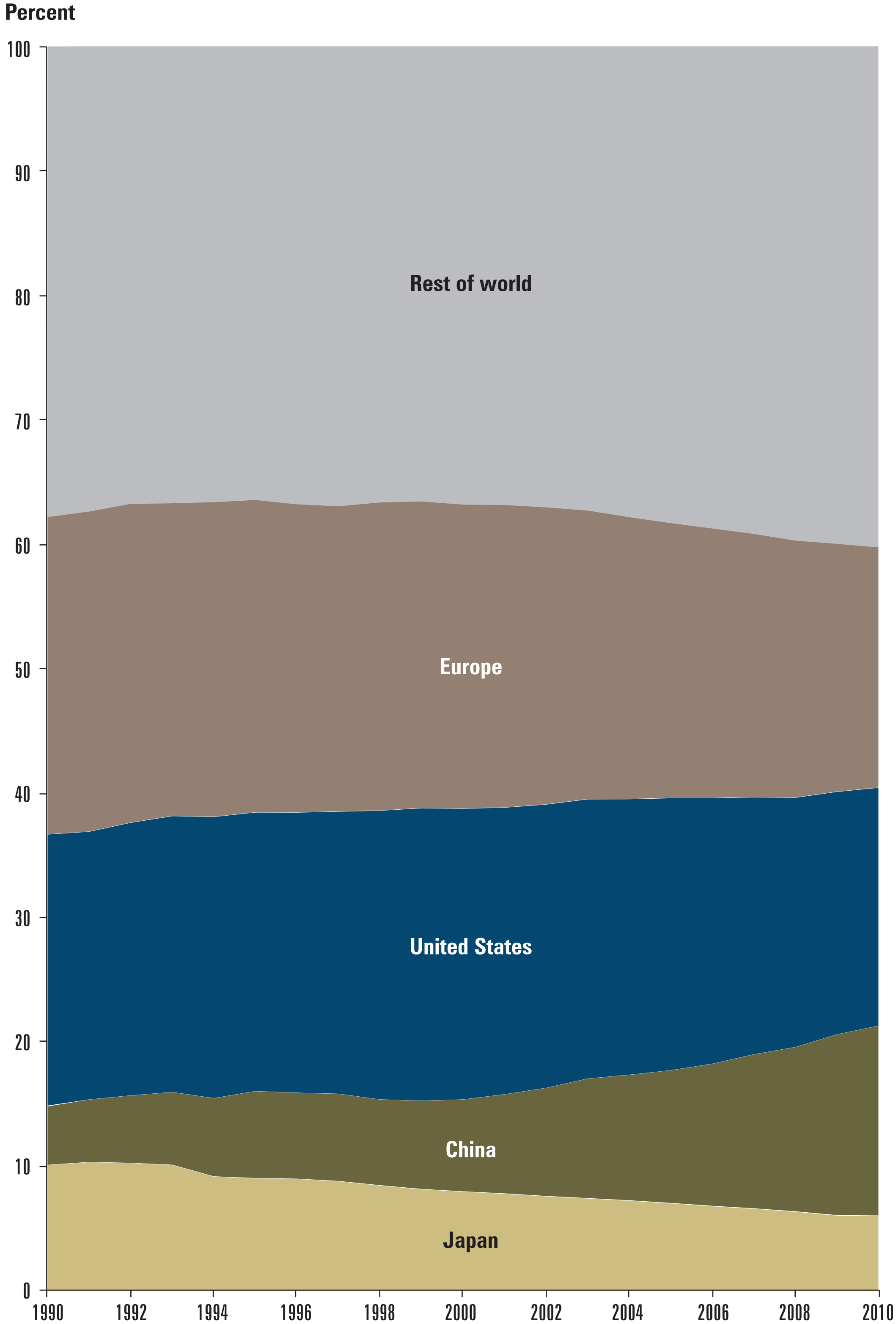
- In addition to China and India, other large emerging economies, such as Brazil and Mexico, were among the 10 largest countries in terms of GDP.
- The GDP of the United States was roughly 5 times larger than that of Germany, 10 times larger than that of South Korea, and 40 times larger than that of the Philippines.

CHART 1.2

Share of world gross domestic product, selected economies, 1990–2010

China's share of world gross domestic product (GDP) increased steadily during the past two decades, from approximately 5 percent in 1990 to 15 percent in 2010. By 2001, China's GDP had surpassed Japan's.

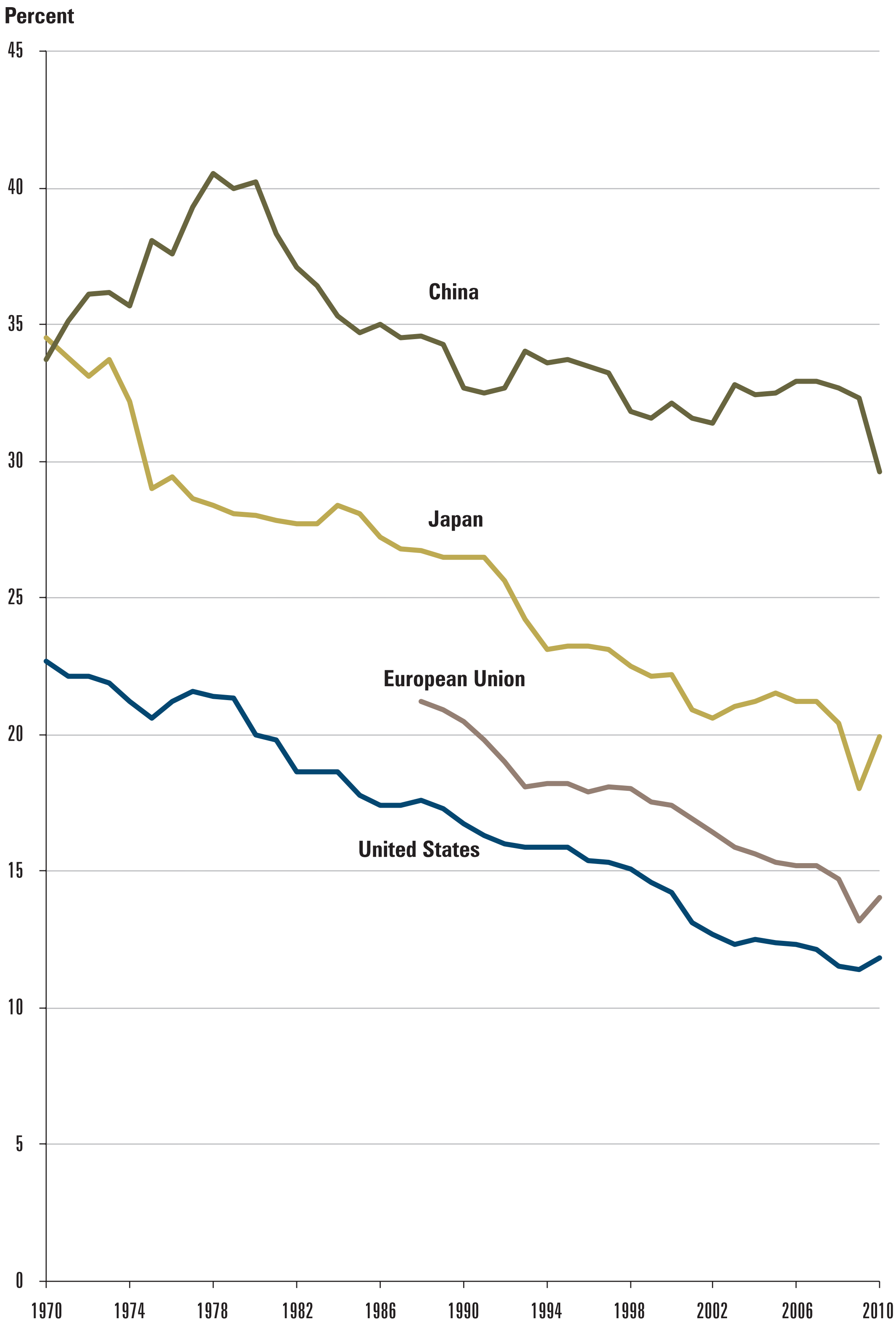
- As a percent of total world GDP, the United States, Europe, and Japan each declined slightly over the last two decades, largely because of China's growth.
- The rest of the world's share of world GDP changed little throughout the 1990s, but grew steadily from 2000 to 2010.



NOTE: Europe includes Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

SOURCE: The Conference Board.

Manufacturing output as a percent of gross domestic product, selected economies, 1970–2010



SOURCES: U.S. Bureau of Labor Statistics and The World Bank.

CHART 1.3

Between 1970 and 2010, the manufacturing sector's share of gross domestic product (GDP) declined at about the same rate in Japan, the European Union, and the United States.

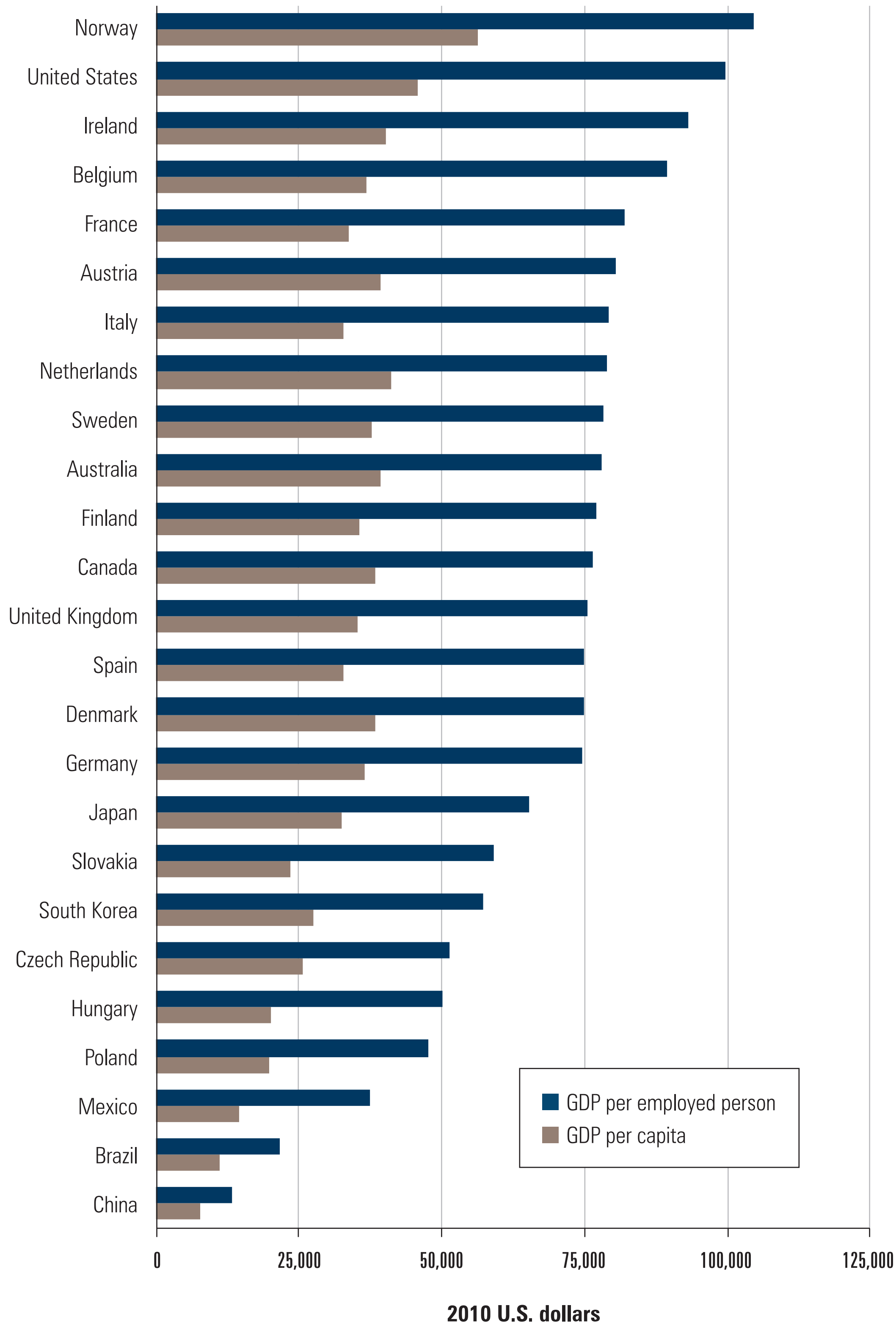
- From 2009 to 2010, after several years of overall decline, manufacturing output increased as a share of GDP in Japan, the European Union, and the United States.
- In China, manufacturing output as a share of GDP decreased from a peak of more than 40 percent in the late 1970s to less than 30 percent in 2010.

CHART 1.4

Gross domestic product per capita and per employed person, selected countries, in U.S. dollars, 2010

Gross domestic product (GDP) per capita in the United States was approximately six times larger than the GDP per capita in China.

- Norway had the highest GDP per capita and per employed person.
- Countries with the lowest employment-population ratios (see chart 2.5), such as Belgium, Hungary, and Italy, had relatively larger gaps between GDP per capita and per employed person.



SOURCES: U.S. Bureau of Labor Statistics and The World Bank.

Sources

Gross domestic product (GDP) data for most countries are based on the BLS report *International Comparisons of GDP per Capita and per Hour, 1960–2010*. GDP data for the remaining countries and all purchasing power parities (PPP) are based on data in the World Bank database World Development Indicators. A country or region's share of world GDP (chart 1.2) is based on data in The Conference Board Total Economy Database.

Each country prepares GDP measures in accordance with national accounts principles. To make international comparisons of levels of GDP, GDP per capita, and GDP per employed person, it is necessary to express GDP in a common currency unit. BLS converts GDP from national currency units to U.S. dollars through the use of PPP.

Definitions

Gross domestic product (GDP) is the market value of all goods and services produced in a country. **GDP per capita** is GDP divided by population and is a rough measure of a country's overall wealth. **GDP per employed person** is GDP divided by the number of employed persons and is a rough measure of a country's productivity. **Purchasing power parities** (PPP) are currency conversion rates that allow output in different currency units to be expressed in a common unit of value. A PPP is the ratio between the number of units of a country's currency and the number of U.S. dollars required to purchase an equivalent basket of goods and services within each respective country. ■