

## Re: per capita GDP numbers : bogus?

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*Source:* <http://sci.tech--archive.net/Archive/sci.econ/2005-06/msg00420.html>

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- *From:* "sinister" <[sinister@xxxxxxxxxxxxxxxx](mailto:sinister@xxxxxxxxxxxxxxxx)>
  - *Date:* Fri, 24 Jun 2005 12:20:22 GMT
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<yarmfelder@xxxxxxxx> wrote in message  
[news:1119581144.860661.87150@xx](mailto:news:1119581144.860661.87150@xx)

> Hi folks,

>

> Recently I noticed that the per capita GDP  
> for France as compared to the USA was once  
> very close. In 1991, France was only a tiny  
> bit behind the USA. However when I look at  
> the recent numbers, the USA's per capita GDP  
> seems to have skyrocketed. This makes little  
> sense to me however, because the US dollar  
> has taken such a nosedive in the past 2  
> years.

>

> Can someone tell me what is \*really\* going on  
> with this metric?

I don't know about the international comparison issue or the per capital issue. However, some people argue that GDP is overstated because inflation is understated.

One commenter in this newsgroup ([royls@xxxxxxxx](mailto:royls@xxxxxxxx)) claims that the government's inflation measure doesn't incorporate increases in Ricardian land rent.

Many commenters, including PIMCO's Bill Gross, argue that hedonic and substitution adjustments to inflation that the gov't started making in the 1990s are largely bogus. I agree with that assessment insofar as the hedonic adjustment appears to overvalue improvements in computer technology. (For example, I'm typing on a years old Pentium III machine, and for my purposes, a Pentium IV would be no better.) Another questionable hedonic adjustment lies in the value of homes, adjusted for floor space (which has been increasing, apparently). This is reasonable, but a another, perhaps more important adjustment, would be for the distance of the home from the urban center (farther out ==> longer commute times).

-S

Re: per capita GDP numbers : bogus?

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> Thanks,  
> yf  
>  
> Also, a link to some data  
> <http://www.econstats.com/weo/V011.htm>  
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• **References:**

◆ ***per capita GDP numbers : bogus?***

◇ *From:* yarmfelder

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