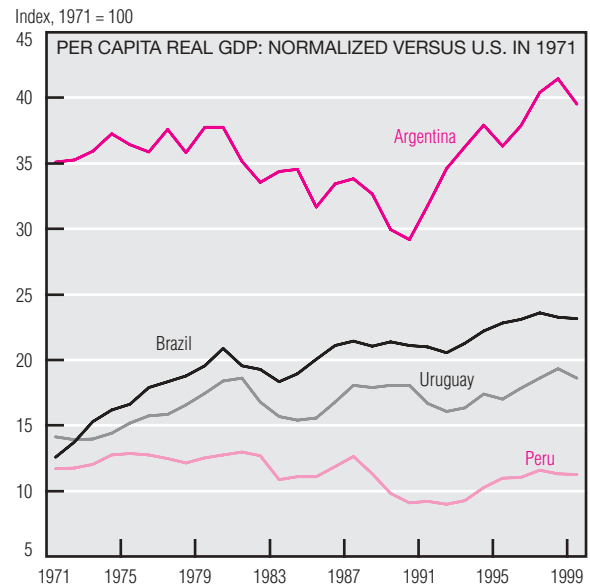
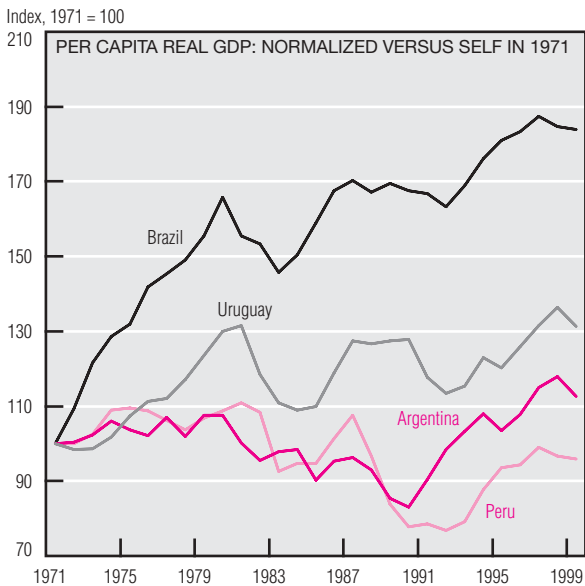
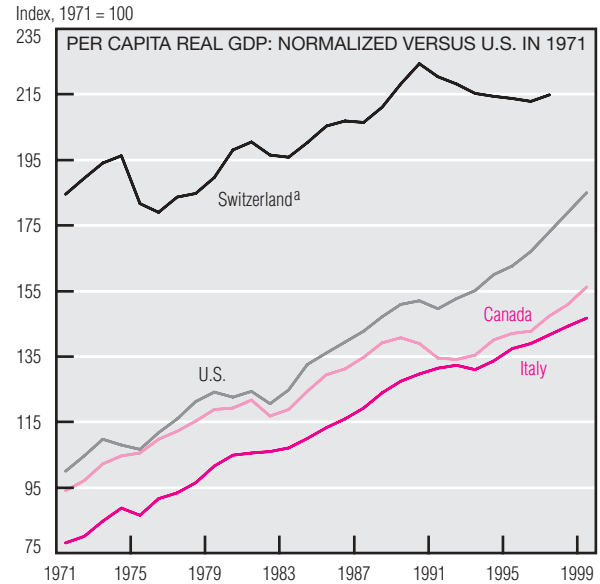
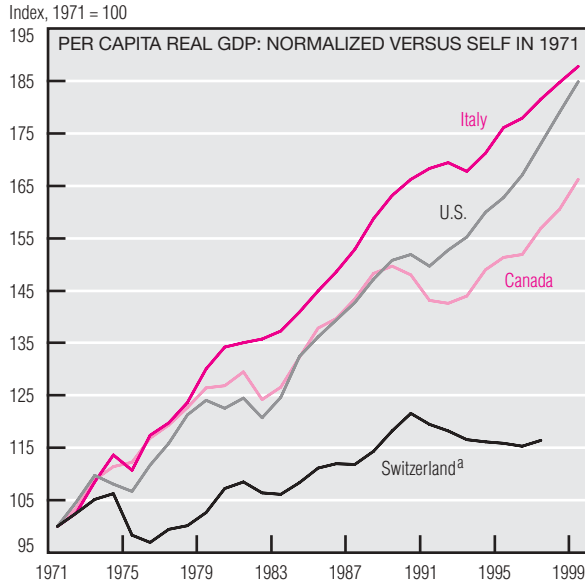


The Wealth of Nations



a. For Switzerland, 1997 was the last year for which data were available.

SOURCES: U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis; and United Nations, Department of Economic and Social Affairs.

How does one measure the wealth of nations? One possibility is using per capital gross domestic product (GDP) to see how a particular nation's wealth has grown over time or to compare changes in the wealth of various nations.

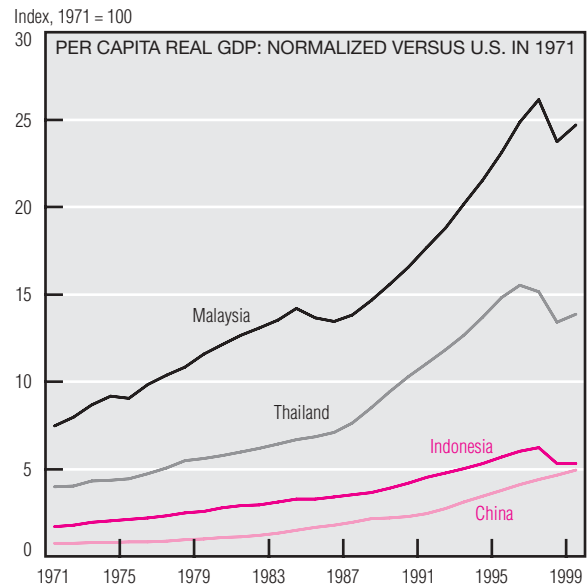
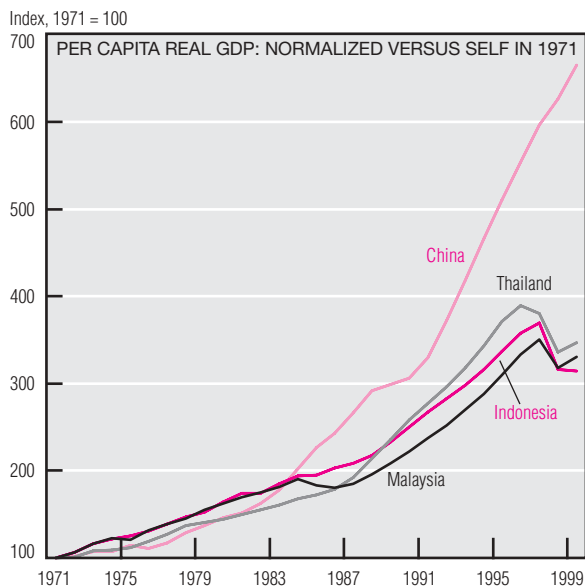
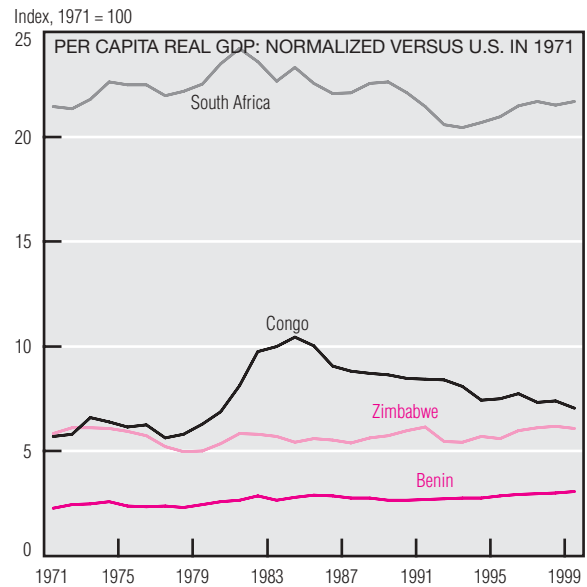
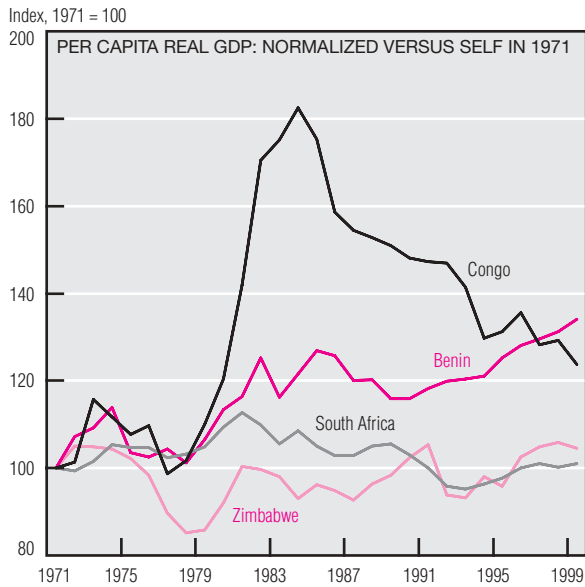
Among Western developed countries, the U.S. and Italy had comparable growth rates between 1971 and 1999 (an annual average of about 2.2%). Over the same period, Canada's GDP growth rate (about 1.8%) lagged that of the U.S. and Italy,

but Switzerland's rate was only about 0.6%. On the basis of growth rates alone, one might conclude that the U.S. is more prosperous than Switzerland, but this would be incorrect. Calculating Switzerland's per capita GDP as a fraction of the U.S. figure shows that Switzerland is the wealthier of the two, but its advantage was eroded between 1971 and 1999. If both countries continue to grow at rates comparable to that period, it would take about 10 years—from 1999—for the U.S. to become as wealthy as Switzerland.

Comparing some South American countries' average annual GDP growth rates shows that Brazil is similar to the U.S., and Uruguay and Argentina are similar to Switzerland. Peru's annual average was negative over this period. Compared to the U.S., however, these countries are poor. At the end of the sample period, Brazil's wealth was less than 25%—and Peru's was slightly more than 10%—of U.S. wealth. Argentina is the richest in the South American group, but its wealth is only about 40% of the U.S.

(continued on next page)

The Wealth of Nations (cont.)



SOURCES: U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis; and United Nations, Department of Economic and Social Affairs.

In Africa, Congo showed tremendous GDP growth in the late 1970s and early 1980s but lost nearly all of it by the end of the 1977–99 period. Over the same period, the growth rates for Zimbabwe and South Africa were essentially zero. Comparison with the U.S. shows how very poor some African countries are. Benin's per capita GDP is only about 3% of the U.S. figure, and Zimbabwe's is about 6%.

A group of Asian countries experienced exceptional growth over the

sample period. For example, China's wealth increased almost 600%, in contrast to the U.S.'s increase of about 85%. The Asian group's slowest growth occurred in Indonesia, which increased its wealth more than 200%. Compared to the U.S., however, these countries remain very poor. Per capita GDP in Malaysia, the richest of this group, was about a quarter of the U.S. figure. China is now the poorest in the group, but if its per capita GDP continues to grow at the sample period's

average annual rate, a phenomenal 7%, China would take about 55 years to match the U.S.'s 1999 wealth. If the U.S. continues to grow at its sample period rate, China would need about 80 years to catch up. Of course, China's ability to continue growing at a 7% rate is questionable.

One caveat: The annual average market exchange rates were employed to convert all series into U.S. dollars, and comparisons may be sensitive to the exchange rate used.