

Economics

Business



Economics People who live in a country with a higher real GDP per capita are definitely better off than those who live in other countries because of the standard of living. Because a high real GDP per capita means higher costs of living, it also means better access to healthcare and education. Countries with large populations will struggle to have higher incomes because of the number of people who need to be cared for. This is why China is one of the world's largest economies in terms of GDP, yet it is not even close when one considers real GDP per capita. The average output of each person in a country over a particular period of time may differ depending on inflation or currency exchanges. This is why real GDP per capita gives a more honest view because it refers everything back to a base price. This base price is usually measured in U. S. dollars or something similar. The purpose is to work out the individual spending power of an average person in a number of different countries. Unlike GDP, real GDP per capita can give a country a good indication of how it is faring economically.