

compare the living standards of a Nepalese peasant and a Taiwanese fisherman, let alone those of an American lawyer and a Namibian bushman.

### *1.3.2. Quality issues in development data*

This brief review section is based on a set of papers from a conference on databases for development. I have benefitted particularly from the overview paper by Srinivasan (1994), as well as those by Souls (1994) on nutrition, by Chamie (1994) on demography, by Evenson and Pray (1994) on agriculture, by Rozansky and Yeats (1994) on trade, by Heston (1994) on national income and growth rate comparisons, and by Behrman and Rosenzweig (1994) on labor force and education data. The interested reader should consult these papers; only a few highlights are summarized here.

There are a number of other important *practical* issues in international *national income data*. Heston (1994) points out that the share of non-monetized subsistence in GDP can be greater than 40 percent in the poorest countries, that its measurement is fraught with difficulties, and that the solutions are far from uniform across countries. Many LDCs estimate GDP growth using growth rates of physical indicators, with benchmark weights that are frequently seriously outdated. Given GDP, consumption is obtained as a residual by subtracting net exports from trade flows, government expenditure, and investment in plant and machinery. Over-invoicing of imports and under-invoicing of exports are common methods of transferring funds abroad in countries with exchange controls and overvalued exchange rates, and such practices compromise not only the trade data, but will lead to overstatement of consumption and understatement of saving. In largely agricultural societies, estimation of physical output is difficult, and evidence [in Srinivasan (1994) and Evenson and Pray (1994)] suggests that discrepancies between household survey and national accounts estimates of food consumption and production in India may come more from the national accounts than from the surveys. This is an important lesson with implications beyond India, since national income estimates of income and consumption are nearly always given more weight than survey estimates when there are discrepancies between the two, a practice that has little justification in general.

There have also been suggestions that estimates of GNP are manipulated for political ends. It is certainly true that one of the more widely noted ratios, the relative per capita GDP of India and China is a number about which it is hard to obtain reliable estimates. The Penn World Tables Mark 5 estimate that in 1985 international prices, China's GDP per capita at \$1,883 was 2.71 times that of India in 1985. The previous version (Mark 4) of the same tables gives the ratio, again for 1985, at 3.26, now calculated in 1980 prices. Srinivasan (1994) quotes the 1992 WDR figures of \$350 for India and \$370 for China in 1990, and