



Department of Economics

Singapore Centre for Applied and Policy Economics (SCAPE)

Policy Forums

Speaker	<u>Professor D.S. Prasada Rao</u> <i>University of Queensland</i>	
Title	Construction of World Tables of Purchasing Power Parities and Real Incomes Based on Multiple Benchmarks and Auxiliary Information: A State-Space Approach	Estimation of PPPs for Regional and Global Poverty Measurement
Abstract	<p>The paper presents a new method for the construction of a consistent panel of Purchasing Power Parities (PPPs), and real incomes, using an econometric framework that combines available predictions of PPPs into a single model. The method improves upon the current practice used in the construction of the Penn World Tables, PWT, and similar tables produced by the World Bank as it integrates the various steps involved in the compilation of the Penn World Tables and makes use of all the PPP benchmark data from the various phases of the International Comparison Program. This general econometric model combines two sources of observations of PPP. The first and primary source of data is the ICP and the PPPs for benchmark years constructed by the ICP. The second are the PPP predictions from a model of the national price level (or exchange rate deviation index) which is able to produce predictions for all countries and years. A data set for 141 countries for the period 1970 to 2005 is used to illustrate the flexibility of the method proposed here and to produce a tableau of PPP estimates with standard errors for all countries over the period.</p>	<p>The paper focuses on the estimation of regional and global poverty measurement using \$1-a-day and \$2-a-day international poverty lines using purchasing power parities of currencies. The current World Bank practice of converting international poverty lines using purchasing power parities (PPPs) from the International Comparison Program (ICP) has attracted considerable criticism as the PPPs do not reflect adequately relative price level differences of prices of goods and services that are typically consumed by the poor and the weights used in the PPP calculation do not adequately represent the consumption patterns of the poor. The paper outlines a new and improved framework for the compilation of PPPs for regional and global poverty measurement and presents results based on data collected for 16 countries in the Asia-Pacific region. The methodology used in the calibration of international poverty lines is also discussed. Some preliminary estimates of poverty in the Asia-Pacific region are presented.</p>
Chairperson	Associate Professor Tilak Abeysinghe	Associate Professor Tilak Abeysinghe
Date	08 July 2008, Tuesday	11 July 2008, Friday

Time 4:00pm – 5:30pm

Venue [Lim Tay Boh Seminar Room \(AS2 03-12\)](#)
*Faculty of Arts and Social Sciences
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About the Speaker



Professor D.S. Prasada Rao is Professor of Economics at the University of Queensland, Brisbane, Australia, and he is the Director of Centre for Efficiency and Productivity Analysis (CEPA). Professor Rao is internationally recognized for his work on index number methods for international comparisons of prices, real incomes, output and productivity and for the estimation of purchasing power parities for the estimation of regional and global poverty. He is currently a member of the Technical Advisory Group for the International Comparison Program at the World Bank and a member of the Poverty Advisory Group at the World Bank. In addition to his research contributions in the form of books, book chapters and journal articles, Professor Rao has also undertaken several large scale projects for the Food and Agriculture Organisation (FAO) of the United Nations, the International Labour Organisation, the Asian and African Development Banks, and the World Bank.

Professor Rao is an econometrician with research interests in: index number theory and applications; purchasing power parities; international comparisons of real output and productivity; modeling income distributions and measurement of inequality; efficiency and productivity measurement; measurement of health inequality; measurement of regional and global poverty.

Seating is on a first-come-first-served basis and admission is free.

Please indicate your attendance with:

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