

4. National income

While per capita gross domestic product is the indicator most commonly used to compare income levels, two other measures are preferred, at least in theory, by many analysts. These are per capita Gross National Income (GNI) and Net National Income (NNI).

Definition

GNI is defined as GDP plus net receipts from abroad of wages and salaries and of property income plus net taxes and subsidies receivable from abroad. NNI is equal to GNI net of depreciation.

Wages and salaries from abroad are those that are earned by residents who essentially live and consume inside the economic territory but work abroad (this happens in border areas on a regular basis) or for persons that live and work abroad for only short periods (seasonal workers) and whose centre of economic interest remains in their home country. Guest-workers and other migrant workers who live abroad for twelve months or more are considered to be resident in the country where they are working. Such persons may send part of their earnings to relatives at home, but these remittances are treated as transfers between resident and non-resident households and are recorded in national disposable income (Section 5) but not national income.

Property income from abroad includes interest, dividends and all or part of the retained earnings of foreign enterprises owned fully or in part by residents. In most countries, net receipts of property income account for most of the difference between GDP and GNI.

Note that retained earnings of foreign enterprises owned by residents may not actually return to the residents concerned, and, in some countries, there are restrictions on the repatriation of profits. Receipt of retained earnings is an imputation, and, since there is no actual transaction, it is necessary to impute an outflow of the same amount. The

imputed outflow is treated as a financial transaction (a reinvestment of earnings abroad) and not as an outflow of property income. Countries with large stocks of outward foreign direct investment may be shown as having large receipts of property income from abroad and therefore high GNI even though much of the property income may never actually be returned to the country but instead add to foreign direct investment.

Comparability

Comparability is good but there are practical difficulties in the measurement both of international flows of wages and salaries and property income and of depreciation. It is for that reason that GDP per capita is the most widely used indicator of income or welfare, even though it is theoretically inferior, in that context, to either GNI or NNI.

Source

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Online database

- OECD (2011), "Aggregate National Accounts: Disposable income and net lending/borrowing", *OECD National Accounts Statistics* (database),
<http://dx.doi.org/10.1787/data-00002-en>.

Further reading

- OECD (2009), *Handbook on Deriving Capital Measures of Intellectual Property Products*, OECD Publishing, Paris.
- Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing,
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Table 4.1. Net national income per capita, OECD = 100

Based on current PPPs

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Australia	106	108	110	108	110	111	114	111	110	108	109	107	114	111 e
Austria	114	115	114	114	110	114	114	113	109	111	111	115	115	114
Belgium	112	110	110	114	113	116	113	110	106	106	106	107	107	109
Canada	111	111	114	114	113	112	115	115	116	116	115	114	114	112
Chile	39 e	40 e	37 e	37 e	37 e	37 e	37	37	38	36	38	40	41	41 e
Czech Republic	62	59	58	57	60	60	63	63	64	65	67	72	70	66
Denmark	113	113	112	112	112	114	110	112	110	113	112	115	114	116
Estonia	37	39	38	40	41	45	48	50	54	58	61	62	57	55
Finland	93	97	99	102	103	105	101	105	101	103	107	110	108	108
France	105	106	107	107	109	110	105	103	102	102	103	103	104	102
Germany	108	107	106	102	103	103	104	105	105	107	108	109	111	111
Greece	78 e	78 e	76 e	77 e	81 e	85 e	85 e	85 e	82	83	82	85	86	78
Hungary	41	42	42	43	48	52	53	53	53	53	52	55	56	54
Iceland	121	125	124	116	119	122	116	117	115	107	106	85	83	75
Ireland	93	98	99	104	105	109	114	114	115	119	121	111	103	100
Israel ¹	93	92	89	91	90	87	80	80	77	78	80	80	83	83
Italy	104	105	103	102	106	101	99	95	92	93	93	93	94	88
Japan	107	102	99	98	97	97	96	95	96	94	95	93	90	93 e
Korea	69	61	66	70	72	77	76	78	77	77	79	80	84	86
Luxembourg	182	177	189	187	186	182	175	202	199	186	206	194	159	173
Mexico	40 e	41 e	41 e	42 e	42 e	42 e	42	43	43	45	46	47	45	46 e
Netherlands	113	112	117	121	122	123	119	120	117	122	124	122	119	122
New Zealand	81	80	81	80	82	83	83	81	78	78	78	78	84	83 e
Norway	127	119	126	145	147	143	144	151	162	170	167	178	164	166
Poland	41	42	43	43	43	45	44	45	46	46	49	53	58	58
Portugal	67	69	70	69	69	70	69	67	67	67	68	67	70	69
Slovak Republic	42	43	41	41	44	46	44	46	49	53	58	64	65	64
Slovenia	67	68	70	69	71	74	75	76	77	78	79	82	80	76
Spain	82	85	85	86	88	91	91	89	89	91	92	92	93	90
Sweden	109	110	113	114	112	113	117	117	112	115	121	122	116	118
Switzerland	136	136	134	134	127	127	129	127	126	128	125	118	137	145
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	107	109	107	109	113	117	117	118	115	114	113	115	113	111
United States	147	149	150	149	148	146	147	147	148	146	143	141	141	142
Euro area	99	100	100	99	101	101	100	99	98	99	100	100	101	99
OECD-Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100


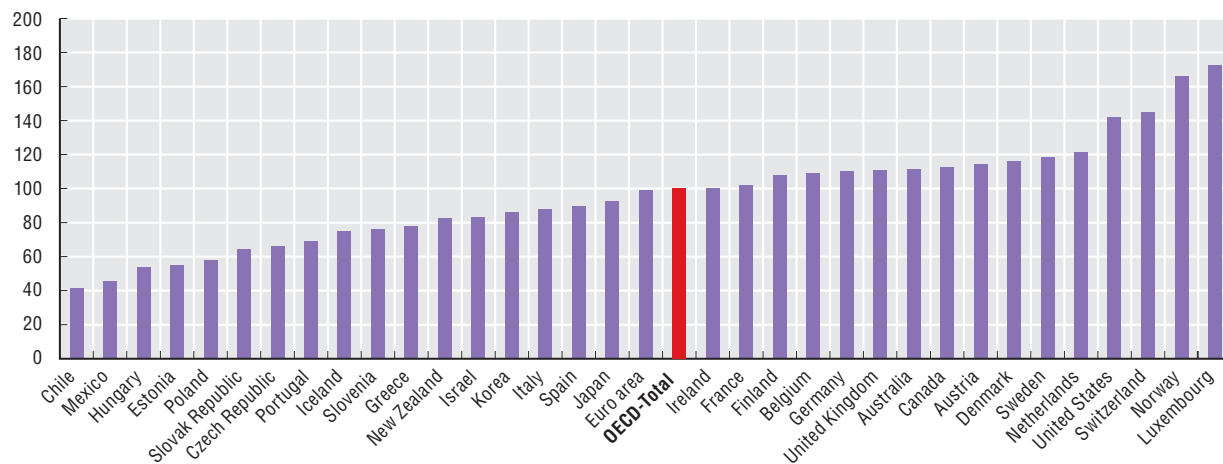

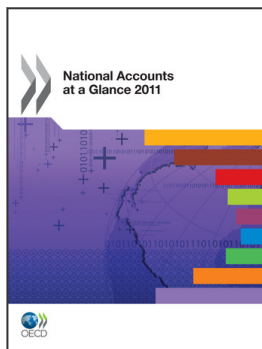
1. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.StatLink  <http://dx.doi.org/10.1787/888932549777>

Figure 4.1. Net national income per capita, OECD = 100

Current PPPs, 2010

Note: Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.StatLink  <http://dx.doi.org/10.1787/888932549074>



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