

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. 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

- OECD (2010), *National Accounts of OECD Countries 2010, Volume I, Main Aggregates*, OECD Publishing, http://dx.doi.org/10.1787/na_vol_1-2010-en.

Online database

- OECD (2010), "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, <http://dx.doi.org/10.1787/9789264027657-en>.
- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF and Eurostat (eds.) (1993), *System of National Accounts 1993*, United Nations, Geneva, <http://unstats.un.org/unsd/sna1993>.

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

Based on current PPPs

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Australia	105	105	106	109	107	108	110	112	110	109	107	109	107	111 e
Austria	116	112	113	112	112	108	112	112	111	108	109	110	113	111
Belgium	112	111	109	109	112	112	115	112	108	105	104	104	107	106
Canada	109	110	110	113	113	112	111	113	113	115	115	114	113	112 e
Chile	38 e	39 e	39 e	37 e	36 e	37 e	37 e	37	37	37	36	37	40	41 e
Czech Republic	61	58	57	55	54	56	56	59	59	60	62	64	68	67
Denmark	113	112	112	111	111	111	113	108	110	109	112	109	111	111
Finland	88	92	96	97	100	102	103	100	104	100	102	106	108	101
France	103	103	104	105	105	107	108	103	101	100	100	101	102	102
Germany	110	107	106	105	102	103	102	104	105	104	106	107	109	109
Greece	77 e	78 e	77 e	76 e	76	81	85	85	85	81	83	83	85	85
Hungary	41	41	43	42	44	48	52	53	53	52	53	52	56	54
Iceland	115	120	124	122	115	117	121	114	116	114	105	105	87	96
Ireland	89	93	98	98	102	104	107	112	112	113	119	121	113	104
Israel*	85	82	81	89	90	89	87	79	81	77	78	81	80	83
Italy	104	103	104	102	101	105	100	98	94	91	92	92	91	91
Japan	108	106	101	98	97	96	96	95	94	95	93	94	92	91 e
Korea	70	70	61	65	69	71	76	76	77	76	76	79	80	83
Luxembourg	180	181	175	187	185	185	181	173	200	197	185	204	195	174
Mexico	39 e	40 e	40 e	41 e	42 e	41 e	41 e	42	42	43	44	45	46	45 e
Netherlands	110	112	111	116	120	121	122	117	118	116	121	123	122	117
New Zealand	81	81	80	80	78	81	83	83	81	78	78	78	78	80 e
Norway	123	126	118	125	144	145	141	143	149	160	168	165	178	163
Poland	39	41	42	43	43	43	44	44	44	45	46	49	53	57
Portugal	66	67	68	69	68	68	69	69	66	67	66	66	68	68
Slovak Republic	41	41	43	41	40	44	45	44	45	48	52	58	64	64
Slovenia	65	66	67	69	68	69	73	74	75	76	77	78	82	79
Spain	81	81	84	85	85	87	90	90	88	88	90	91	91	92
Sweden	110	108	109	112	113	111	112	116	116	111	114	120	120	116
Switzerland	132	134	135	133	133	126	126	128	125	125	127	124	115	135
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	103	106	108	106	108	112	115	116	117	114	113	112	115	116
United States	145	145	147	149	148	146	145	146	146	147	145	142	140	139
Euro area	99	98	99	99	98	100	100	99	98	96	98	99	99	99
OECD-Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100


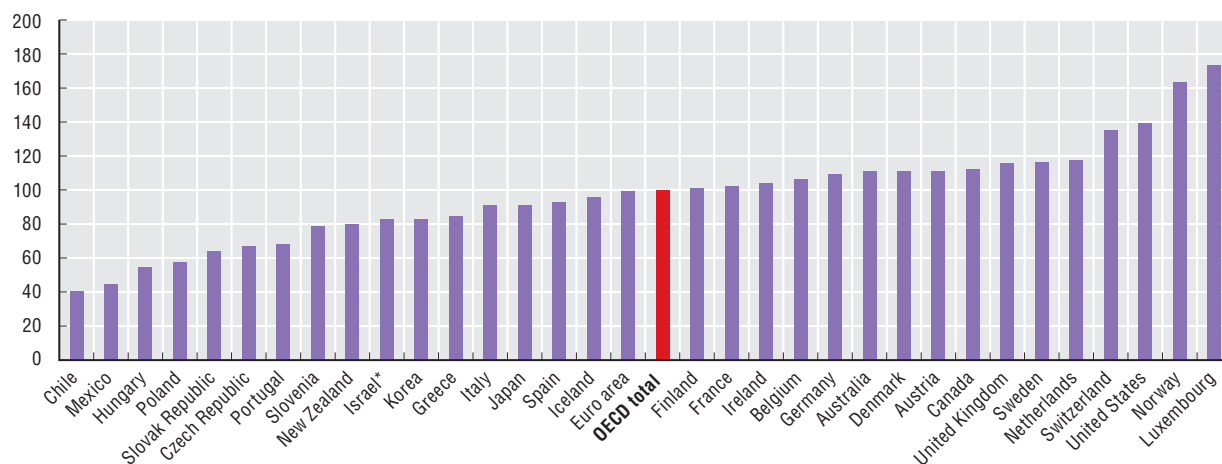
StatLink  <http://dx.doi.org/10.1787/888932351702>

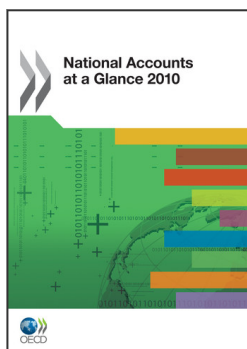
Figure 4.1. Net national income per capita, OECD = 100

Current PPPs, 2009



StatLink  <http://dx.doi.org/10.1787/888932351113>

* The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.



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