





4. GENERAL CONTEXT INDICATORS

1. Net national income per capita
2. Fertility rates
3. Migration
4. Marriage and divorce

4. GENERAL CONTEXT INDICATORS

1. Net national income per capita

Definition and measurement

Net national income (NNI) per capita is the best indicator for comparing economic well-being across countries available in the System of National Accounts (SNA). NNI is defined as gross domestic product (GDP) plus net receipts of wages, salaries and property income from abroad, minus the depreciation of fixed capital assets (dwellings, buildings, machinery, transport equipment and physical infrastructure) through wear and tear and obsolescence. Estimates of NNI per capita, however, are subject to greater uncertainties than those associated to GDP per capita, the most widely used indicator of national income. Uncertainties exist because of difficulties in measuring international income flows and capital depreciation.

For cross-country comparison, national currency measures of NNI are converted into a common metric by using purchasing power parity exchange rates (PPPs). These reflect the amount of a national currency that is required in each country to buy the same basket of goods and services as a United States dollar (USD) does in the United States. Estimates of PPPs are computed by the OECD and Eurostat by comparing the prices of about 2 500 items in different countries (Schreyer and Koechlin, 2002). NNI per capita is obtained by dividing NNI by the size of the resident population, which includes both people living in private households and those in institutions. Both NNI and PPP estimates are affected by statistical errors. Consequently NNI differences between countries of 5% or less are not considered significant.

Average OECD national income per capita was around 26 000 United States dollars in 2006. In that year, three OECD countries had a per capita income in excess of USD 35 000 – Luxembourg, Norway and the United States. Eight countries had a per capita income below

USD 20 000 and two (Mexico and Turkey) were around USD 11 000 (GE1.1) (note the Mexican figure is for 2004).

Average NNI per capita in the OECD has increased by 2.6% annually since the new millennium for the 17 countries for which real NNI data are available. (GE1.2). NNI has increased annually by over 5% in the Slovak Republic and by nearly 4.5% in Greece. Annual average Italian and German NNI growth, by contrast, was a modest 1%. There is little relationship evident between growth rates between 2000 and 2006 and NNI levels in 2000.

OECD countries with higher average NNI per capita tend to spend a higher proportion of NNI on social protection. The relation is however not strong, and is generated to a considerable degree by the outlying positions of Mexico, Turkey and Korea (GE1.3). Austria, Denmark, France and Sweden spend more on social expenditure than predicted given their income per capita. Conversely, Mexico, Korea, Turkey and to a lesser extent the United States spend less than predicted. There are a number of possible explanations for this pattern. Some social expenditure buys the services of others – medical or childcare, for example. As the earnings of such service providers increase alongside those of other earners, but without the same productivity growth, social expenditure rises (Arjona et al., 2001). Equally, the services provided by welfare state may be strongly income-responsive compared to other goods and services.

Further reading

Arjona, R., M. Ladaique and M. Pearson (2001), “Growth, Inequality and Social Protection”, Labour Market and Social Policy Occasional Paper No. 51, OECD, Paris.

OECD (2008), *National Accounts*, OECD, Paris.

Schreyer, P. and F. Koechlin (2002), “Purchasing Power Parities – Measurement and Uses”, OECD Statistics Brief, No. 3, OECD, Paris, March.

Figure note

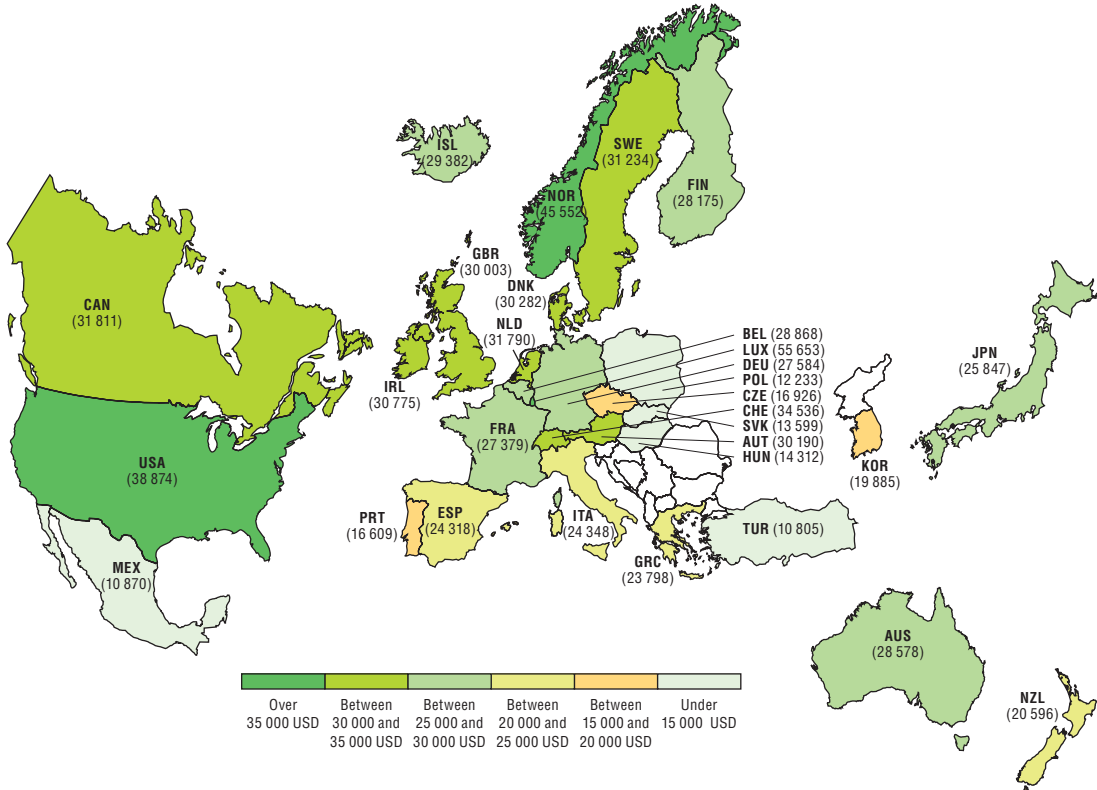
Figure GE1.2: Many countries do not create price deflators for NNI. Therefore data on real NNI growth is limited to 17 countries. NNI: Net national income.

4. GENERAL CONTEXT INDICATORS

1. Net national income per capita

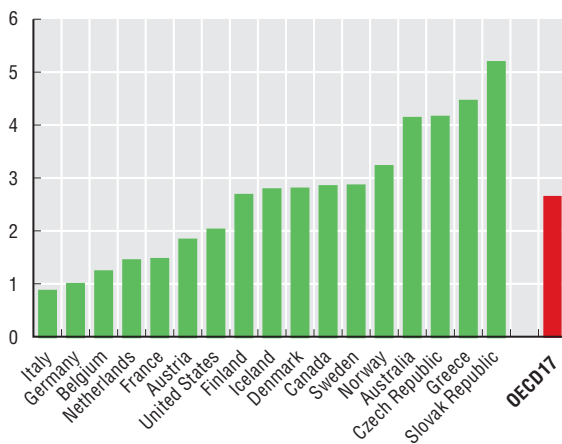
GE1.1. National income per capita of OECD countries varies between USD 11 000 and 55 000

Net national income per capita in current USD using PPPs in 2006, OECD average = USD 26 500



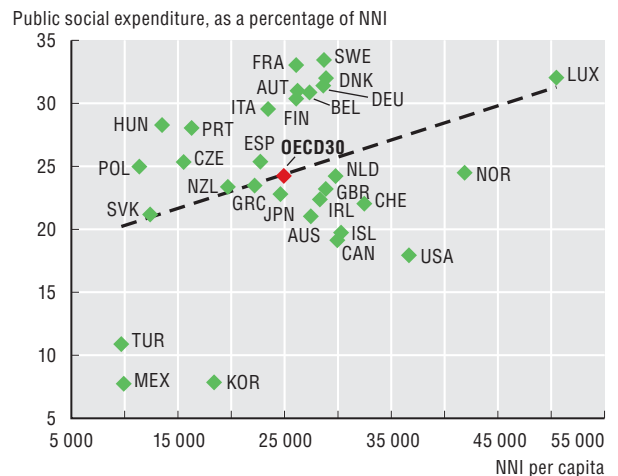
GE1.2. Recent NNI growth varied between 1% and 5% per year

Real annual average growth in NNI per capita between 2000 and 2006, in percentage



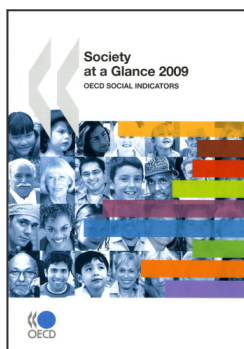
GE1.3. Countries with higher Net National Income have higher proportional public social spending

The share of public social spending in % of NNI and NNI per capita in USD at PPPs, 2005



Source: OECD Annual National Accounts (www.oecd.org/statistics/national-accounts) and Social Expenditure database (www.oecd.org/els/social/expenditure).

StatLink <http://dx.doi.org/10.1787/550002185115>



From:
Society at a Glance 2009
OECD Social Indicators

Access the complete publication at:
https://doi.org/10.1787/soc_glance-2008-en

Please cite this chapter as:

OECD (2009), "Net national income per capita", in *Society at a Glance 2009: OECD Social Indicators*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/soc_glance-2008-5-en

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