Executive summary

What was the value of the goods and services produced within OECD countries? How much income was earned by residents of a country? How much income was received by households? Answers to these questions and more can be found in this edition of *National Accounts at a Glance*. This publication presents the wealth of information that is available within the integrated accounting framework of the *System of National Accounts* (SNA). National accounts have a key role in understanding the workings of the economy by providing information on the economic interactions taking place between different sectors of the economy (households, corporations, government, non-profit institutions, and the rest of the world) allowing for macroeconomic analysis and decision taking.

What was the value of the goods and services produced within OECD countries?

Gross domestic product (GDP) is the most frequently used indicator in the national accounts. GDP combines in a single figure, all the production carried out by all the firms, non-profit institutions, government bodies, and households in a given country during a given period. It is the value of final goods and services produced by a country minus the value of imports. In 2012, the five largest OECD economies were the United States, Japan, Germany, France, and the United Kingdom. GDP per capita for the OECD as a whole was USD 37 010 in 2012. Four countries recorded GDP per capita in excess of USD 50 000 in 2012 – Luxembourg, Norway, Switzerland, and the United States.

The change in the value of GDP between periods can be attributed to both changes in prices (inflation, deflation) and changes in volume (quantities produced), thus “real” GDP removes the effects of price changes. In 2012, the annual rate of growth in real GDP for the OECD as a whole was 1.5% a slowdown from 2.0% growth in 2011. The overall increase in GDP growth for the OECD total masks the fact that 12 out of the 34 OECD countries experienced negative growth in 2012, showing that many countries are still struggling to recover from the recent economic crisis. Growth in the euro area contracted in 2012 to -0.7%. The largest drop in GDP was recorded in Greece at -6.4%, its fifth consecutive yearly decline. In contrast, the highest growth rate amongst OECD countries was recorded in Chile, 5.6%.

Looking at growth over the last decade, 2002-12, the average annual growth rate for the OECD was 1.72%: 21 out of 34 OECD countries were above the average growth rate. Five OECD countries recorded average annual growth rates above 4% over the last decade: Turkey (5.36%), the Slovak Republic (4.74%), Chile (4.41%), Poland (4.23%), and Korea (4.13%). In contrast, five OECD countries recorded average annual growth rates below 1%: Italy (0.23%), Portugal (0.36%), Denmark (0.63%), Japan (0.67%), and Greece (0.87%).

How much income was earned by residents?

While GDP per capita is the indicator most commonly used to compare income levels, net national income (NNI) is preferred by many analysts. Where GDP refers to the income generated by production activities on the economic territory of a country, NNI refers to the income earned by the residents of a country, whether generated on the domestic territory or abroad, after deducting depreciation (an amount representing the cost of capital used up in the production process).

In 2012, the top four countries ranked by NNI per capita are the same four countries ranked by GDP per capita, however the order slightly changes with Norway over taking Luxembourg for the top spot. Norway's NNI per capita was 84% above the OECD average in 2012. In OECD countries 13 out of the 33 experienced negative growth in real NNI in 2012. Three countries showed diverging patterns between GDP growth and real national income growth. France's GDP was flat in 2012 yet real income fell -0.9%; in Austria GDP grew 0.9% real income fell by -0.2%; and in Denmark GDP contracted by -0.4% while real income increased slightly (0.1%).

Looking at average annual growth in real NNI over the last decade, 2002-12, four OECD countries experienced a contraction in real income: Greece (-1.43%), Italy (-0.66%), Portugal (-0.46%), and Iceland (-0.28%), showing the severe impact the economic crisis had on these countries' real income. Three OECD countries showed growth above 4% over the last decade: Chile (6.75%), Poland (4.25%) and Australia (4.15%).

How much of income was received by households?

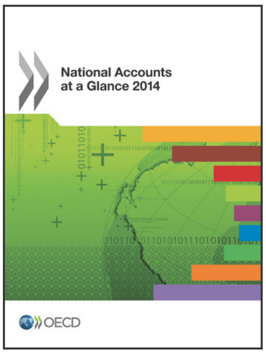
Disposable income is closer to the concept of income generally understood than either national income or GDP. At the total economy level it differs from national income in that additional income items are included, mainly remittances which, for example, relate to money sent home from a family member working in a foreign country for a period of a year or longer. Another important difference between national income and disposable income concerns the allocation of income across sectors.

Household adjusted disposable income may provide a better reflection of developments in material well-being of the population at large. It represents the maximum amount a household can consume without having to reduce its assets or to increase its liabilities. It is obtained by adding to people's gross incomes (earnings, self-employment and capital income, as well as current monetary transfers received from other sectors, such as unemployment benefits) the social transfers in-kind that households receive from governments (such as education and health care services), and then subtracting taxes on income and wealth, social contributions paid by households as well as the depreciation of capital goods consumed by households.

In 2012, many households (11 out of 20 countries), particularly in the euro area, saw declines in real net adjusted disposable income. Income fell -1.4% in the euro area (double the drop in GDP). The largest decline occurred in Greece (-10.2%). In contrast, three countries recorded an increase in real household net adjusted disposable income above 2%: Norway (3.0%), Luxembourg (2.7%), Sweden (2.4%), and the United States (2.1%).

When comparing average annual growth rates over the period 2001-11, 17 out of 29 countries recorded average annual growth rates in adjusted disposable income above GDP suggesting that household income was sustained somewhat during the economic crisis because of government intervention.

In addition to the above, this edition contains key indicators on economic activity such as the structure and growth of OECD economies; incomes received; how income was spent; as well as indicators on the financial health of governments, corporations, and households.



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