

4. National income

- In 2012, ranking countries by net national income per capita the five highest countries were Norway, Luxembourg, Switzerland, the United States, and Sweden.
- In 2012, 14 countries are above the OECD average, 19 are below. In 2002, 18 countries were above and 15 were below. In 2002, the United States was the second ranked country at 46% above the OECD total and in 2012 they fell to fourth, losing over 5 percentage points.

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). Whereas GDP refers to the income generated by production activities on the economic territory of the country, GNI measures the income earned by the residents of a country, whether generated on the domestic territory or abroad.

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 14) but not national income.

Property income from/to abroad includes interest, dividends and all or part of the retained earnings of foreign enterprises owned fully or in part by residents (and vice versa).

In most countries, net receipts of property income account for most of the difference between GDP and GNI. However, it is important to note that retained earnings of foreign enterprises owned by residents do not actually return to the residents concerned. Nevertheless, the retained earnings are recorded as a receipt of property income. A counter entry of the same amount is treated as a financial transaction (a reinvestment of earnings abroad, in shares and other equities). 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 added to foreign direct investment. For most OECD countries, GNI per capita does not differ significantly from GDP per capita.

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 (2013), *National Accounts of OECD Countries*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/2221433x>.

Online database

OECD (2013), "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

Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264027657-en>.

OECD (2009), *Handbook on Deriving Capital Measures of Intellectual Property Products*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264079205-en>.

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

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

Based on current PPPs

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Australia	109	106	108	110	112	109	109	107	108	108	115	114	115	115 e	
Austria	113	113	110	113	113	112	109	111	111	115	116	116	117	116	
Belgium	110	114	113	116	113	109	106	105	105	108	107	110	109	106	
Canada	114	114	113	112	114	114	116	115	115	114	112	111	110 e	110 e	
Chile	38 e	38 e	38 e	38 e	38 e	38 e	39 e	42 e	45 e	45 e	46 e	50 e	54 e	56 e	
Czech Republic	58	57	59	60	62	63	64	65	67	69	68	65	65	64	
Denmark	112	112	111	113	109	111	110	113	112	115	115	119	117	117	
Estonia	38	40	41	45	48	50	54	57	61	62	57	55	60	62	
Finland	99	101	103	104	100	104	101	103	107	110	108	106	106	104	
France	106	107	109	109	105	102	102	101	103	103	106	105 e	104 e	102 e	
Germany	106	102	103	103	103	105	104	106	108	110	111	113	116	116	
Greece	76 e	77 e	81 e	85 e	85 e	85 e	81	83	82	85	87	77	68	64	
Hungary	42	43	48	52	53	53	53	53	52	55	57	57	57	56	
Iceland	124	116	118	122	115	116	115	106	106	106	86	85	82	88	91
Ireland	99	104	104	108	114	113	114	118	120	111	104	103	99	99	
Israel	89	90	89	87	79	80	77	75	77	75	78	78	80	79	
Italy	104	103	106	101	99	95	93	93	94	95	95	92	90	88	
Japan	101 e	99 e	98	98	98	98	97	95	96	93	90	93	91	92 e	
Korea	66	69	72	76	76	77	77	76	79	80	81	84	82	83	
Luxembourg	189	187	186	181	174	200	198	185	205	193	144	158	163	157	
Mexico	41 e	42 e	41 e	41 e	42	42	43	45	45	47	46	47	50 e	50 e	
Netherlands	117	121	121	122	118	119	117	122	124	123	121	118	120	118	
New Zealand	82	80	83	83	84	82	79	78	79	78	86	83	83	84 e	
Norway	126	145	147	142	144	151	164	172	169	183	168	171	175	184	
Poland	43	43	43	44	44	45	46	46	49	53	57	59	61	61	
Portugal	70	69	69	70	69	67	68	67	67	68	70	69	65	64	
Slovak Republic	41	41	44	46	44	46	49	52	58	64	65	64	64	64	
Slovenia	70	69	70	73	74	76	76	77	79	82	78	76	76	74	
Spain	85	87	89	92	92	90	90	93	93	94	94	89	86	85	
Sweden	113	114	111	113	116	116	112	115	121	123	117	120	121	121	
Switzerland	135	136	129	128	130	128	129	133	128	123	139	147	139	145	
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	108	110	114	117	118	118	118	116	114	115	112	105	103	100	
United States	149	149	147	146	147	147	147	146	142	140	140	140	140	141	
Euro area	100	99	101	101	100	99	98	99	100	101	102	100	100	99	
OECD-Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
China	..	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	7	8	8	9	9	10	..	..	..
Indonesia	..	10	11	11	11	11	11	11	12	12	13	14	..	..
Russian Federation	25 e	29 e	31 e	32	36	38	42	50	54	64	62	64	67	..	
South Africa	27	27	27	27	28	28	29	29	29	30	30	30	31	..	


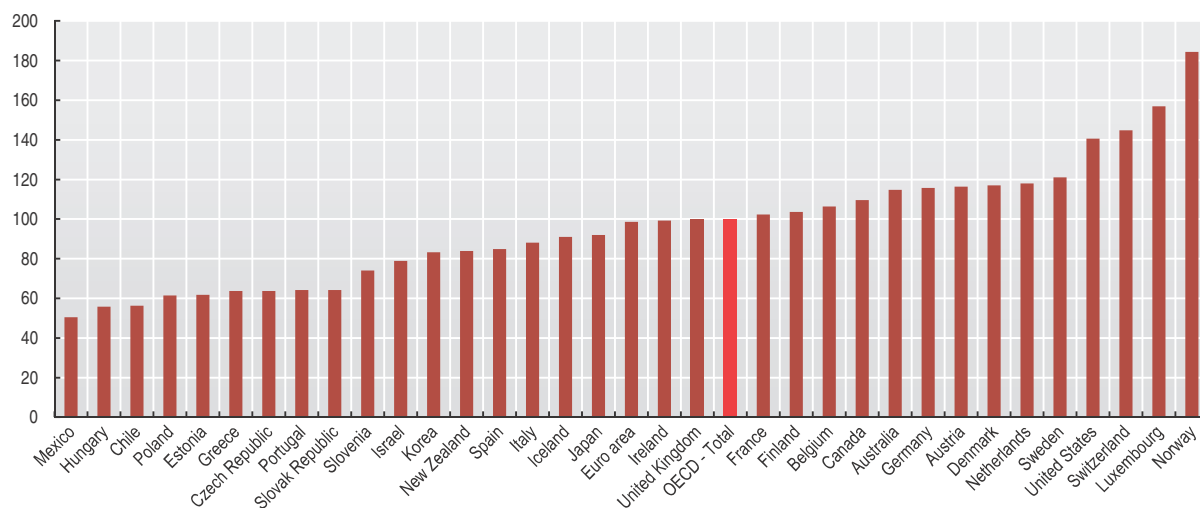

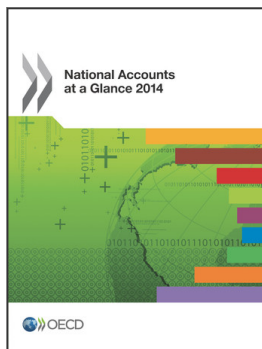
StatLink  <http://dx.doi.org/10.1787/888933001958>

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

Current PPPs, 2012

StatLink  <http://dx.doi.org/10.1787/888933001008>



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