

NATIONAL INCOME PER CAPITA

While per capita gross domestic product is the indicator most commonly used to compare income levels, two other measures are preferred 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.

Wages and salaries from abroad are those that are earned by residents, that is, by persons 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 thus 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 do not enter into net receipts from abroad of wages and salaries.

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.

Long-term trends

In the chart, countries are ranked according to GNI, which is usually around 16 or 17% higher than NNI. Note that the country rankings are not much affected by the choice of income measure; countries that would be more than one place lower in the ranking if NNI were used are Japan, and Denmark, and those that would be more than one place higher in the ranking are Germany, Iceland Sweden and the United Kingdom.

Over the period shown, the growth of per capita GNI mirrors that of per capita GDP, with Ireland, Norway, the Slovak Republic and Poland at the top end and Germany, Iceland, Italy and Japan with the lowest rates of growth.

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 the foreign direct investment.

Depreciation, which is deducted from GNI to obtain NNI, is the decline in the market value of fixed capital assets – dwellings, buildings, machinery, transport equipment and physical infrastructure – through wear and tear and obsolescence.

Comparability

Both measures are compiled according to the definitions of the 1993 *System of National Accounts*. There are, however, 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 to either GNI or NNI.

Source

- OECD (2007), *National Accounts of OECD Countries*, OECD, Paris.

Further information

Analytical publications

- OECD (2003), *The Sources of Economic Growth in OECD Countries*, OECD, Paris.
- OECD (2007), *OECD Economic Outlook: December No. 82 – Volume 2007 Issue 2*, OECD, Paris.

Statistical publications

- Maddison, Angus (2003), *The World Economy: Historical Perspectives*, OECD, Paris, also available on CD-ROM, www.theworlddeconomy.org.

Methodological publications

- OECD (2000), *OECD Glossaries, System of National Accounts, 1993 – Glossary*, OECD, Paris.
- UN, OECD, IMF, Eurostat (eds.) (1993), *System of National Accounts 1993*, United Nations, Geneva, <http://unstats.un.org/unsd/sna1993>.

Online databases

- National Accounts.
- OECD Economic Outlook Statistics.

Websites

- OECD Economic Outlook – Sources and Methods, www.oecd.org/eco/sources-and-methods.

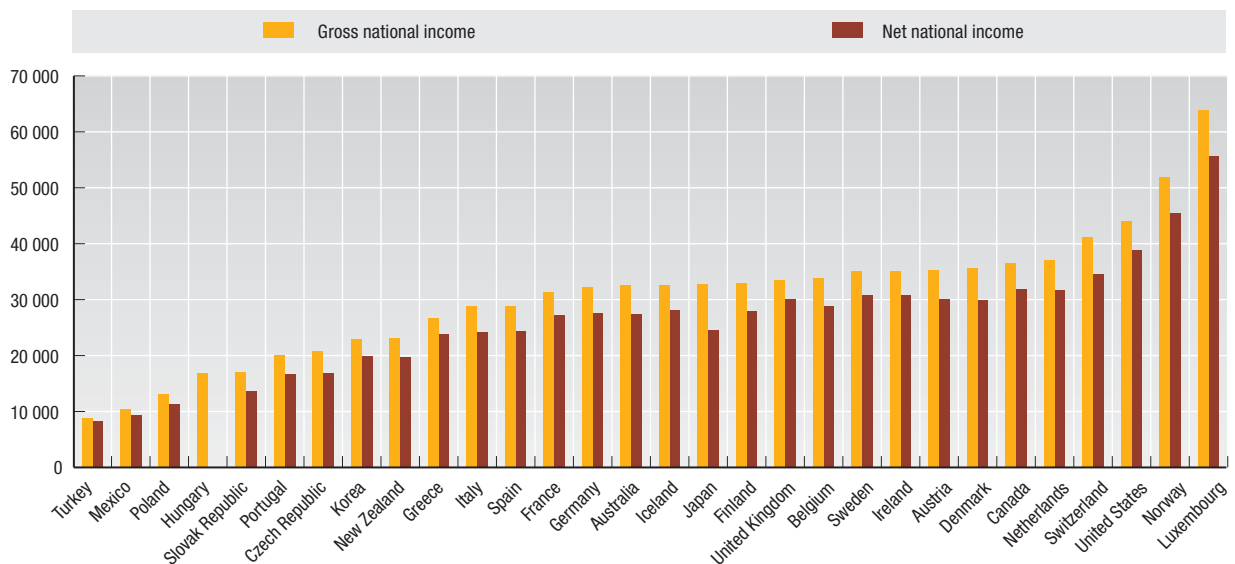
Gross national income per capita

US dollars, current prices and PPPs

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Australia	18 757	19 676	20 777	21 605	22 751	23 931	25 388	26 484	27 532	28 770	30 225	31 320	32 617	..
Austria	21 627	22 551	23 274	24 349	24 777	25 877	26 713	28 574	28 570	30 123	31 235	32 779	33 756	35 241
Belgium	20 799	22 027	22 907	23 292	24 331	24 783	25 795	28 165	28 876	30 325	30 585	31 340	32 255	33 937
Canada	20 005	21 137	21 968	22 544	23 713	24 704	26 217	27 703	28 501	29 145	30 447	32 150	34 452	36 539
Czech Republic	11 371	11 903	12 817	13 482	13 620	13 705	13 975	14 637	15 640	16 103	17 236	18 262	19 287	20 821
Denmark	20 173	21 691	22 800	23 792	24 914	25 849	26 699	28 181	29 039	30 393	30 275	32 334	33 911	35 704
Finland	15 980	17 055	18 185	18 789	20 592	22 122	23 347	25 399	26 539	27 651	27 331	30 109	30 590	32 906
France	18 922	19 600	20 307	20 957	21 901	22 970	23 977	25 580	26 968	27 848	27 601	28 548	29 878	31 288
Germany	20 842	21 631	22 378	22 980	23 420	24 003	24 873	25 677	26 604	27 246	28 399	30 140	30 773	32 255
Greece	13 989	14 509	15 079	15 535	16 401	16 862	17 160	18 439	19 946	21 666	22 350	23 829	24 961	26 735
Hungary	7 944	8 344	8 448	8 726	9 191	9 797	10 440	11 612	12 834	13 912	14 748	15 295	16 010	16 852
Iceland	21 302	22 196	22 623	23 656	25 513	27 156	27 995	27 942	29 422	30 874	30 261	32 274	34 324	32 662
Ireland	13 685	14 796	16 206	17 812	19 471	21 325	22 384	24 629	25 809	27 410	29 452	31 082	32 412	35 072
Italy	19 013	19 791	20 835	21 569	22 448	23 567	24 091	25 374	26 964	26 594	26 945	27 267	27 629	28 788
Japan	21 212	21 818	22 637	23 827	24 602	24 314	24 564	25 920	26 632	27 261	27 960	29 598	31 006	32 826
Korea	10 572	11 593	12 774	13 790	14 512	13 422	14 872	16 368	17 321	18 688	19 053	20 476	21 310	23 038
Luxembourg	34 050	34 275	36 054	37 399	39 202	39 631	43 887	46 458	47 913	47 726	45 893	56 465	58 277	63 945
Mexico	6 799	7 114	6 569	6 963	7 528	7 881	8 229	8 932	9 049	9 311	9 737	10 364
Netherlands	19 746	20 776	21 923	22 889	24 429	25 220	27 226	30 007	31 039	32 236	32 099	34 133	34 942	37 149
New Zealand	14 473	15 505	16 254	16 497	17 311	17 789	18 714	19 397	20 535	21 404	22 038	22 713	23 105	..
Norway	20 485	21 980	23 365	25 797	27 683	27 110	29 550	35 599	37 147	37 166	38 580	42 383	47 950	51 915
Poland	6 149	6 818	7 393	8 081	8 809	9 405	9 940	10 472	10 885	11 475	11 817	12 501	13 112	..
Portugal	11 980	12 268	13 076	13 572	14 271	14 957	15 843	16 647	17 285	18 065	18 560	18 888	19 554	20 170
Slovak Republic	7 151	7 727	8 423	9 208	9 844	10 354	10 415	10 956	12 086	12 960	13 386	14 674	15 475	17 051
Spain	14 584	15 020	15 932	16 579	17 544	18 708	19 638	21 117	22 240	23 703	24 489	25 639	26 888	28 882
Sweden	18 910	20 240	21 405	22 171	22 919	23 924	25 546	27 489	27 708	28 905	30 368	32 029	32 721	35 023
Switzerland	26 272	26 735	27 441	28 246	29 931	31 116	31 961	33 904	33 602	34 469	35 818	37 039	38 841	41 226
Turkey	5 094	4 817	5 212	5 614	6 203	6 433	6 022	6 575	6 010	6 448	6 527	7 367	7 773	8 758
United Kingdom	17 384	18 612	19 413	20 575	22 066	23 190	23 763	25 593	27 319	28 923	29 914	32 012	32 214	33 424
United States	24 960	26 195	27 296	28 562	30 090	31 615	33 243	35 159	35 760	36 295	37 472	39 742	41 887	44 055

 StatLink  <http://dx.doi.org/10.1787/272524436267>
Gross and net national income per capita

US dollars, current prices and PPPs, 2006 or latest available year


 StatLink  <http://dx.doi.org/10.1787/266663722333>