

Gross Domestic Product and Gross National Product

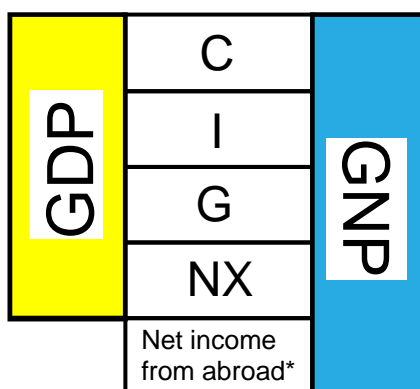
1 Definitions

The **Gross Domestic Product (GDP)** can be defined as "the market value of all final goods and services produced *within a country* in a given period of time"¹, whereas the **Gross National Product (GNP)** measures "the total income earned by a nation's permanent residents"², produced either within the country or abroad.

2 The components of GDP and GNP - with numbers

| Components | US, 2014, Billions of \$ ³ |
|-------------------------------------|---------------------------------------|
| Consumption (C) | 11'866 |
| Investment (I) | 2'860 |
| Government purchases (G) | 3'152 |
| Net exports (NX) | - 530 |
| Gross Domestic Product (GDP) | 17'348 |
| Net income from abroad | 263 |
| Gross National Product (GNP) | 17'611 |

3 The components of GDP and GNP - in a nutshell



* If, however, **net income** from abroad is **negative**, then **GDP > GNP**.

1 Mankiw Gregory N. and Taylor Marc P.: Economics, 2008, p. 468

2 do, p. 470

3 Board of Governors of the Federal Reserve System: Federal Reserve Statistical Release, Z.1 Financial Accounts of the US, 3rd Quarter 2015, F.2, page 7