

# Gross Domestic Product and Gross National Product

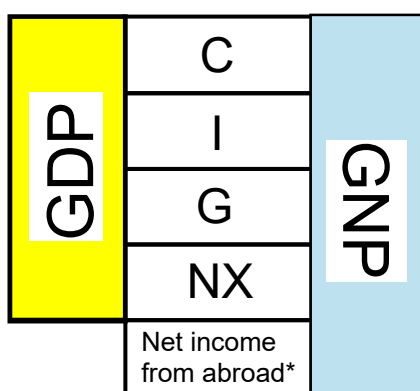
## 1 Definitions

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"<sup>1</sup>, whereas the **Gross National Product (GNP)** measures "the total income earned by a nation's permanent residents"<sup>2</sup>, produced either within the country or abroad.

## 2 The components of GDP and GNP - with numbers

Components	US, 2020, Billions of \$ <sup>3</sup>
Consumption (C)	14'048
Investment (I)	3'638
Government purchases (G)	3'859
Net exports (NX)	- 651
<b>Gross Domestic Product (GDP)</b>	<b>20'894</b>
Net income from abroad	222
<b>Gross National Product (GNP)</b>	<b>21'116</b>

## 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 2021, F.2, table 9