

CONCEPT: OTHER MEASURES OF TOTAL PRODUCTION AND TOTAL INCOME

- **Gross Domestic Product (GDP)** focuses on the value of goods and services produced domestically
- **Gross National Product (GNP)** focuses on the value of goods and services produced by the country's citizens
 - GNP includes goods and services produced by US-owned facilities abroad
 - GNP excludes goods and services produced by foreign-owned facilities in the US
 - GDP is used because developing countries tend to have many foreign-owned investments
 - > These foreign-owned investments would not be included in GNP and thus make production seem smaller
- **Net Domestic Product (NDP)** is GDP adjusted for depreciation
- **National Income** is the flip side of total production
 - We calculated GDP using an expenditures approach ($C + I + G + NX$), but *expenditures = income*
 - The total value spent on expenditures must be, on the other hand, earned by the sellers
 - Generally, beyond the scope of this course
- **Personal Income** is the income received by households
 - Excludes the earnings of corporations
 - Includes transfer payments received from the government (i.e. welfare, interest on financial investments)
- **Disposable Personal Income** is the income received by households, less required taxes
 - This represents the amount of money households actually have available to spend
 - Disposable Income can be used for Consumption or Savings