Prof. Gustavo Indart
Department of Economics
University of Toronto

ECO 209Y
MACROECONOMIC THEORY

National Account Definitions

1. Gross Domestic Product (GDP) measures production within Canada using both Canadian and foreign factors of production. Using the expenditure approach, GDP is equal to:

$$GDP = C + I + G + NX$$

   where C = consumption expenditure, I = gross investment, G = government expenditure on goods and services, and NX = net exports (i.e., exports – imports).

2. Gross National Product (GNP) measures production within and outside Canada using only Canadian factors of production. Thus,

$$\begin{aligned} GNP = GDP & \\ &+ \text{investment income received from foreigners} \\ &- \text{investment income paid to foreigners} \end{aligned}$$

3. Net Domestic Product (NDP) = GDP – depreciation

4. Net National Product (NNP) = GNP – depreciation

5. Net Domestic Income (NDI) = GDP – depreciation – indirect taxes

   Net Domestic Income (NDI) = wages & salaries + corporate profits
   + interest income + rental income
   + net income of unincorporated businesses

   Net Domestic Income is also called Net Domestic Product at factor cost.

6. Net National Income (NNI) = GNP – depreciation – indirect taxes

7. Personal Income (PI) = NDI – corporate profits + dividends
   + government transfers to individuals
   + interest on government debt

   Where Corporate Profits = dividends + undistributed profits + corporate taxes

8. Personal Disposable Income (YD) = PI – personal income taxes

   Personal Disposable Income (YD) = consumption + savings