Otázka: GNP, NNP, GDP – discuss their construction and effect

Jazyk: Angličtina

Přidal(a): Marza

GNP, GDP, NNP are macroeconomic variables. Macroeconomics studies financial system as whole at a national level

GNP – Gross National Product

It is the total value of all goods and services produced in a country in one year. Plus money earned by its citizens (also those who live abroad), minus money earned by non-residents who live in the country. In other words, GNP shows the value of goods and services that the country´s citizens produced (no matter where they live). GNP is one measure of the economic condition of the country – It means that a higher GNP means a higher quality of living.

Gross National Product (GNP)– mean

GNP = GDP + money earned by citizens living abroad – money earned by non-residents who live in the country

It is a quantitative measure of a nation's total economic activity, generally assessed yearly or quarterly.

GDP

Gross domestic product is the result value of the production of all domestic and foreign firms within one year in the territory of one country.

It is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis.

Calculation:

It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory

GDP = C + G + I + N_x

where:

- **C**   is equal to all private consumption , or consumer spending, in a nation's Economy
- **G**   is the sum of government spending
- **I**   is the sum of all the country's businesses spending on capital
- **N_x**   is the nation's total net exports, calculated as total exports minus total imports. (NX= Exports – Imports)

GDP is used to show the economic health of a country and to measure the standard of living in the country. But critics say that the statistic doesn't count the "underground economy" – transactions that are not reported to the government

NNP – Net National Product

Net national product (NNP) is the total market value of all final goods and services produced by residents in a country or other polity during a given period(gross national product or GNP) minus depreciation.

It is GNP minus depreciation

NDP-net domestic product

The net domestic product (NDP) is the equivalent application of NNP within macroeconomics, and NDP is equal to gross domestic product (GDP) minus depreciation: NDP= GDP -depreciation.

Depreciation((also known as consumption of fixed capital) shows how much of GNP must be spent on new capital goods to keep the existing capital stock

Depreciation shows two different concepts:

- lower value of assets
- allocation of the costs of assets to periods in which the assets are used

The first concept affects values of businesses. The second concept affects net income.

Methods of depreciation are different according to their depreciation category and are stated in the law of income tax

Investment is putting money into something with the hope of profit

Gross investments are the money spend on repairs, depreciation and on new machines and new technologies.

Net investments are the money, which are invested only to new machinery and to new technologies.