Why GDP instead of GNP?

From the historical perspective of view, the growing number of countries by GDP instead of GNP as the new standard of the national accounting to reflect the trends of economic globalization. In the early establishment of national economic accounting system, labor and capital flow between countries, so countries mainly account the GNP as an indicator of economic. However, with the development of economic globalization, factors of production such as capital and labor in the growing international liquidity, according to the principle of "national statistics of national income, can not accurately measure a certain area of the total production. In 1993, the United Nations Statistics Division officially decided to use the GDP instead of GNP (1993 United Nations GNP renamed GNI (gross national income)) as national economics accounting indicators.

GDP calculated using the "territorial principle", as long as it is in the country or in the region within the production value created, whether foreigners or their own people to create value are included in the national or regional GDP. GNP calculated using "national principle", as long as national or regional residents, whether in national or local district or in a foreign country or outside the region of production or the value created, are included in the national or regional GNP. Relatively speaking, in an open economy, the statistics of the total wealth of a country, GDP growing better than the GNP. Thus, in the 1990s, the capitalist world focused primarily on the GNP and per capita GNP. But after the 1990s, 96% of countries have abandoned the GNP and per capita GNP, and begin to focus on GDP and per capita GDP to measure the speed of economic growth as well as the strength of the economic strength. Generally gross national income GNI (Gross, National Income, the final results of the initial distribution of all resident units of a country or region during a given period income) as a of GNP countries (including China) only announced GDP and GNI data, GNP data have basic statistics and publishing. From international organizations, due to the different functions, IMF is concerned only with the GDP, in order to analyze the world’s economic growth; World Bank are both concerned with the GDP also concerned about the GNI (GNP), to some extent, more concerned GNI (GNP), to analysis of the differences between the rich and the poor of the world.

In recent years, the change calls for the extensive mode of economic growth, expanding domestic demand also led to economic policy is the pursuit of GDP or GNP debate. The mainstream view is that the pursuit of GDP or of GNP, more economic policy will lead to a different model of economic growth, endogenous economic growth mode or input mode of economic growth. If a country or region in the economic policy more concerned about the GDP, it will pay more attention to the maturity and development of domestic industries, and do not care to support the development of these industries is that domestic enterprises or foreign enterprises. Of course, with the GDP growth, the government will have corresponding taxes. If you are more concerned about economic policy, GNP, not only their own industries to develop domestic enterprises and should support the development of the national industry, not only to increase the tax, and this must be real earnings. Thus, the former will be more enamored of
investment, will attract foreign investment as the most important economic work, the latter will attach importance to the domestic enterprises, including the development of state-owned enterprises and private enterprises.

Economic policy as the main goal to pursue, in a certain level of GDP) to GDP or GNP, will lead their people richer. A typical case in this respect is a the Sunan model and the Wenzhou model comparison. In 2004, with the Suzhou Economic singing all the way, GDP total first super Shenzhen, reached the commanding heights of China’s economic development model for the new Sunan model. But these can not cover up the defects of the Sunan model has been hailed as "the only long bones flesh up of GDP, government revenue is up, the pockets of the people still drum it up the bulk of profits by foreign companies away locals just a little work to get money. Suzhou’s GDP in 2004 the Wenzhou twice, but the Suzhou people’s per capita income is only half of Wenzhou.

Also compare the degree of economic development, the indicators generally are per capita sense, that is, do economic comparison should be with a GDP per capita rather than total GDP. And general economic comparison of a number of indicators, categories of indicators such as economic structure, consumption structure class indicators, indicators of potential for economic development and economic development base class indicators. Simple indicators of the total GDP fact, in addition to the significance of political propaganda, in fact, no real economic comparison significance.

Data link: 2012 World ranking of per capita annual income (GDP/per)
http://wenku.baidu.com/view/cd78d34133687e21af45a938.html

Figure: