

## **Why is gross national income not a suitable measure for standard of living?**

GNI is not the best indicator for people's living standards, as it does not record the so-called unilateral transfers (foreign aid and workers' remittances among others) and, therefore, the secondary distribution of income that takes place worldwide. In the last decades unilateral transfers - and most importantly workers' remittances - have been among the largest types of income flows entering developing countries thanks to the remarkable increase in the mobility of people. This has had a significant impact on these populations' purchasing power that cannot be neglected. Hence, the Gross National Disposable Income (GNDI), which includes both net factor income (captured by the GNI) and unilateral transfers, is to be considered a better tool to assess the resources at a population's disposal for consumption and saving. Yet, GNDI is rarely available in the major international reports and datasets and often confused with GNI in common practice. This paper tries to contribute to closing this void and includes a table in which GNDI is calculated for all countries listed in the World Bank dataset.

First of all, all these measures are imperfect... they fail to capture whether the society is functioning as a whole.

One should measure quality of life, as indicated by many other stuff- crime rates, lifespan, educational attainment, poverty rates, literacy etc.

Say I give you another example... USA might fair very well in respect to GNI. However, USA has per capita prison population several magnitudes higher than other civilized countries. It has higher poverty rates, murder rates, social inequality etc. than similar countries.

What one should look for is in fact quality of life- best country to live in was Norway by UN I think. I wouldn't like to be there 'cause it's cold :) Anyway, I'm pointing out that there are many factors to consider, besides GNI.