

HOUSEHOLD CONSUMPTION EXPENDITURE FOR EIGHT MEMBER STATES OF THE EUROPEAN COMMUNITY IN 1988

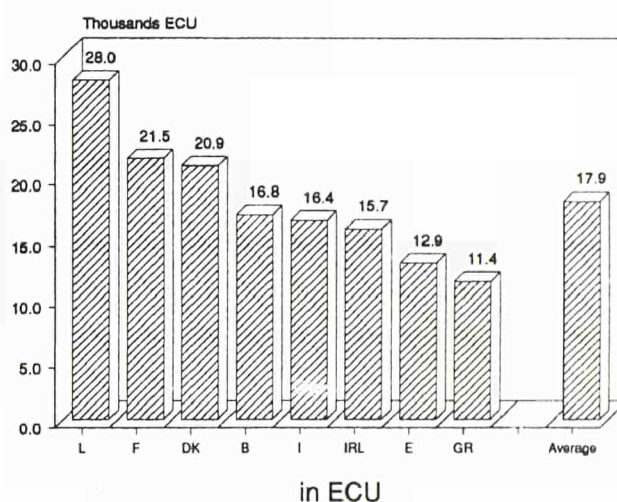
In 1988, consumption expenditure of households in Belgium, Denmark, Spain, France, Greece, Ireland, Italy and Luxembourg reached on average 17931 ECU and 23642 PPS. The 1980s generated an unequal evolution of consumption, with a growth of disparities amongst countries and a decrease of income-related differentials within some of them. In 1988, households devoted the largest part of their budgets to food, housing and transport. Moreover, while the relative weight of food fell in a uniform manner, expenditures on health appeared particularly uneven.

CONSUMPTION EXPENDITURE

- In ECU

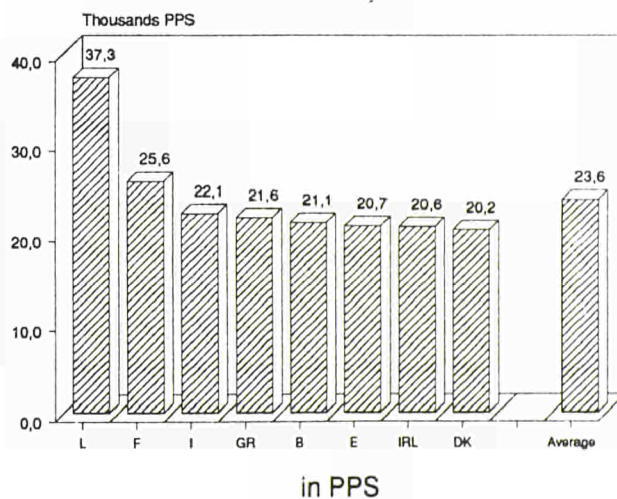
Overall household consumption represents the sum in national currency of all consumption-related expenditures plus a market price estimation of self produced goods and of imputed rent. Expressed in ECU, overall consumption ranges from 11395 ECU in Greece (or 36% below the average) to 27983 ECU in Luxembourg (or 56% above the average). This gap indicates that a Luxembourg household consumes two and a half times the ECU equivalent of a Greek household. In 1988, the average standard deviation of the overall consumption measured in ECU was 23% for the countries mentioned here.

Consumption expenditures of 8 countries of the Community



- In PPS

Once the price level is taken into account by the PPS, the differences lessen. If Luxembourg remains well above average, Greece draws closer to it. It is interesting to note that consumption measured in PPS brings Denmark to the last place, whereas it held the third highest consumption level in ECU. Apart from the price level, much of this shift is explained by the variation in the average size of household from one country to another. Whereas a Danish household counts an average of 2.2 members, a Spanish, an Irish, and a Greek household contain respectively 3.5, 3.5, and 3.1 individuals. A comparison of consumption expenditures per adult equivalent or per capita alters the trends observed per household.



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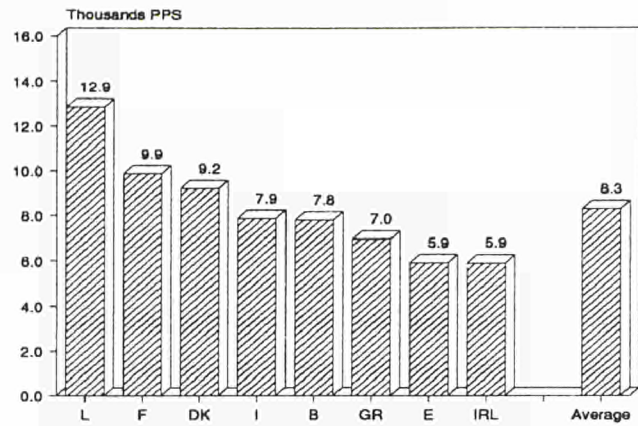
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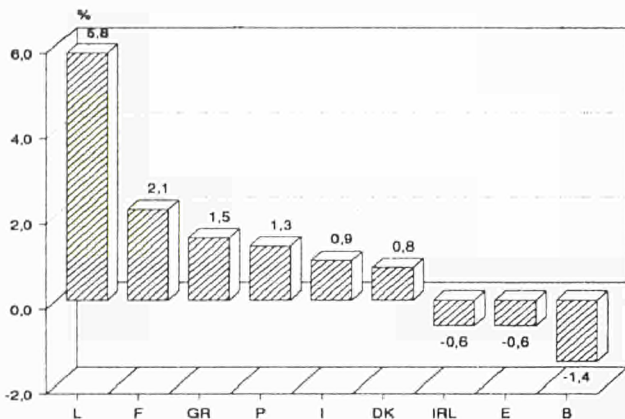
Overall consumption per capita

The effect of the size of the household is observed clearly in the cases of Denmark, of Ireland and of Spain. Due to a low number of members per household, Denmark registers a consumption level which seems low for the household unit, but which is high once expressed per capita. Moreover, in countries where the average size of the household is large, the opposite occurs. For example, if the overall consumption of an Irish or a Spanish household is near to the average, that of an individual is well below it.

Overall consumption per capita in 1988



Yearly evolution of overall consumption per household, between 1980 and 1988, in terms of 1980 prices



Since 1980, a disparate evolution....

The evolution of overall consumption measured in real terms (national currency 1980) seems heterogeneous on the whole. For three countries, Belgium, Spain and Ireland, household consumption expenditure declines in real terms. For the six other countries, the 1980s yield a growth in expenditure. It reaches its peak in Luxembourg, with an average of 5.8% a year, while it stays relatively modest in Italy and Denmark (.9% and .8% a year respectively).

...since 1980, a widening of disparities across countries...

The gap in overall consumption expenditure, as measured by the average standard deviation across countries, has increased from 1980 to 1988. If the standard deviation of overall consumption expenditures, calculated respectively in ECU and in PPS, reached 23% and 16.5% in 1988, it only attained 19.8% (ECU) and 6.4% (PPS) in 1980. These results could be due to the level of expenditure in Luxembourg, clearly above the rest in 1988, which was not the case in 1980. Once Luxembourg is excluded from the calculations, the standard deviation in PPS for 1988 falls to 10.6%, value closer to that obtained in 1980, although still above.

...and a decline of income related differentials

Although a widening of disparities across countries occurs between 1980 and 1988, a narrowing is observed within certain Member States. A breakdown of overall consumption expenditure by income categories leads us to such a conclusion at least for Greece, Spain, France and Ireland. (1)

In 1988, the overall consumption of Greek and Spanish households, whose income belonged to the highest quarter, exceeded that of households whose income fell in the quarter of weakest income by respectively 92% and 197% (see table adjacent). In 1980, these figures reached 395% in Greece and 264% in Spain.

Overall consumption ratio between households whose income belong to the fourth quartile and those whose income belong to the first.

Country	1980	1988
France	230%	116%
Ireland	277%	153%
Spain	264%	197%
Greece	395%	92%

(1) Not available for all countries

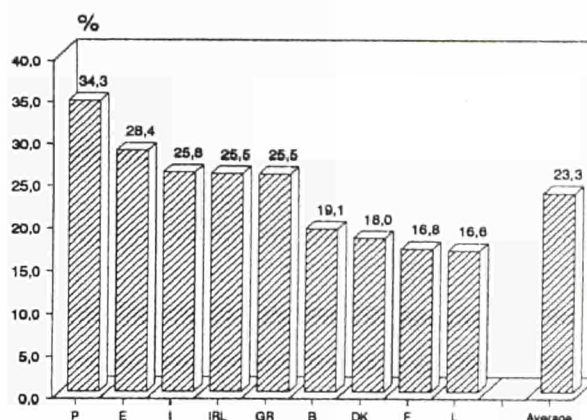
THE MAIN CONSUMPTION GROUPS

An analysis by main consumption group shows that three consumption groups dominate households budgets for this set of countries plus Portugal. Food, housing and transportation represent an average of 58.5% of household budgets. If this average seems relatively stable over this set of countries, large differences appear none the less in terms of the relative weight of each group, thus necessitating a more detailed analysis for some of them.

Food: a quarter of household budgets for 5 countries

The "food" group combines all household expenditure concerning food, drinks and tobacco. It excludes expenditure made in restaurants and cafes, or any food consumption taken outside the home. With an average of 23.3% of overall consumption devoted to food, this group still represents that of the principal expenditure for six of the nine countries mentioned here. Food takes over a quarter of the household budgets in Portugal, Italy, Spain, Greece and Ireland. At the extremes, a Luxembourg household spends 16% of its budget on food, a Portuguese 34% , or a difference of 115%.

Food in percentage of household budgets, in 1988



Food in percentage of household budgets per income category

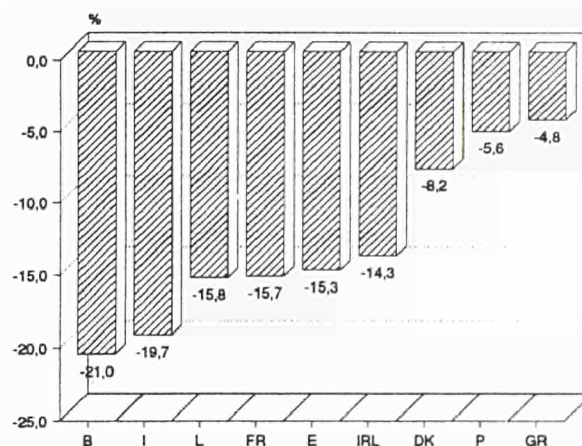
Country	Income in the 1st quartile	Income in the 3rd quartile	Difference
Greece	32.2%	20.0%	60.7%
Ireland	35.2%	25.8%	36.2%
France	26.7%	18.3%	46.0%
Luxembourg	20.3%	12.8%	58.7%
Spain	37.3%	29.7%	25.5%

Conforming to Engel's law, the relative weight of food in the household budgets varies inversely with income. A low income household allocates a larger proportion of its budget to food. It is in Greece, in Luxembourg and in France that this difference seems the most significant. It is moreover interesting to note that the lowest income in Luxembourg allocate as much of their budget to food as the highest income households in Greece.

A uniform evolution since 1980...

These differences aside, food expenditure are mostly characterised by a clear and uniform trend towards a decline of their relative weight. For these nine countries, it appears that food declines both in real terms in national currency 1980 and in proportion of the expenditure in the household budget. This decline in the level of food expenditure coupled with a positive evolution of the corresponding price indexes raises the question as to whether the quantities of food products consumed could not have declined. As can be seen from the examples in the table below, the quantities consumed per capita of sugar, potatoes, eggs, and beef decline appreciably for Denmark, Spain, Ireland and France. A substitution effect could be at the source of this decrease for certain products. Thus in Denmark the decline in pig meat consumption is balanced by a growth of fish consumption. Data concerning quantities consumed not being available for other products or countries, we can only assume that, if not eating less, the households of 1988 eat differently and more cheaply than in 1980.

Evolution of food consumption between 1980 and 1988, in terms of 1980 prices.



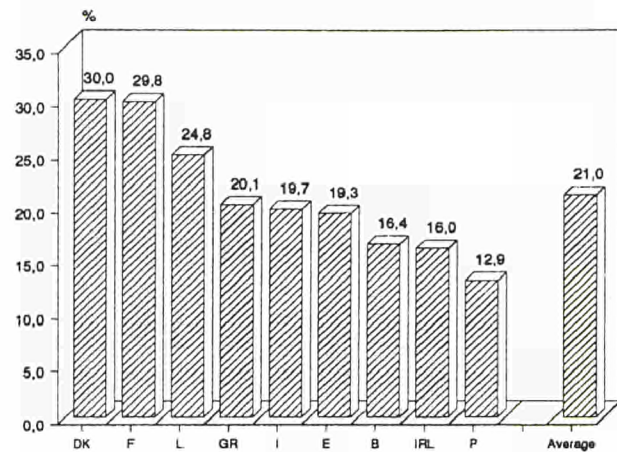
Evolution of consumption of certain food products per capita

	France		Spain		Ireland		Denmark	
	1980	1985	1980	1985	1980	1987	1980	1987
Potatoes (kg)	20.0	15.4	19.3	17.9	31.3	33.8	26.9	20.5
Beef (kg)	5.4	5.1	0.78	0.71	n.a.	n.a.	}4.4	}10.7
Veal (kg)	1.43	1.46	2.3	1.97	n.a.	n.a.		
Pig meat (kg)	2.8	2.6	2.7	2.9	n.a.	n.a.	9.4	5.3
Fish (kg)	2.2	2.3	5.3	4.9	n.a.	n.a.	1.6	3.6
Milk (L)	26.3	25.3	33.8	34.3	45.5	48	55.3	49.8
Eggs (Unit)	63.9	63.4	74.05	67.7	52.7	51.7	56.4	n.a.
Butter (kg)	2.9	2.4	n.a.	n.a.	3.2	3.06	2.9	2.6
Sugar (kg)	4.8	4.1	3.6	3.03	5.9	5.3	6.3	4.3

Housing

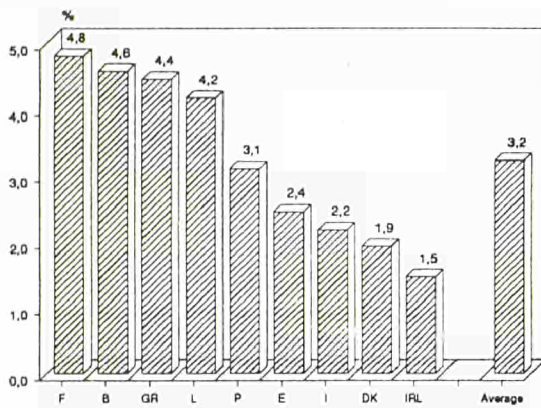
For three countries, France, Denmark and Luxembourg, it is housing and not food which represents the most important consumption group. Housing-related expenditure include rent (real and imputed), utilities, heating, lightening and maintenance costs. It appears clear that housing-related expenditure rates countries in the opposite manner to food. Moreover, the correction made through the PPS for differences in the price level appear to be particularly significant for this group. If the standard deviation of housing expenditure is 33.4% in PPS, it reaches only 22.9% when expenditure are expressed as a percentage of overall consumption. The evolution of housing expenditure indicates three major trends: an important growth in France, Portugal, Ireland, and Italy, a weak growth for Spain, Greece and Luxembourg, and a decline in the part of budget taken by housing for Denmark and Belgium.

Housing as a percentage of household budgets



Health

Health as a percentage of household budgets



It is for health-related expenditure that differences amongst countries seem the most marked. At the extremes, a French, Greek or Luxembourg household requires three times the budget of an Irish household for health care. Measured in PPS, these differentials get wider: a Luxembourg household spends four times the amount necessary to a Danish household. This being said, these results are in large part explained by the differences in the type of protection and of reimbursement of national security systems in countries. They should therefore not be interpreted as a direct representation of the variation of health care consumption.

In spite of this methodological point, health-related expenditure increase for the majority of countries between 1980 and 1988. Italy and Denmark stand out for a particularly important growth of health expenditure: 75% and 48% respectively in terms of their growth in proportion to overall household expenditure.

METHODOLOGICAL NOTE

The family budget surveys, realised by Member States and presented by Eurostat according to a harmonized nomenclature have as their main objective the follow up of household consumption. Eurostat publishes here the first results of the most recent surveys carried out by Member States. Although the data presented here were converted to a 1988 Eurostat reference year, the exact dates of data collection are 1986-1987 for Luxembourg, 1987-1988 for Belgium and Greece, 1987 in Ireland, 1988 for Spain, 1989 in Denmark and France, 1989-90 in Portugal. The data for the Netherlands (1988), the United Kingdom (1988) and Germany (1988) are not yet available. The data presented for Italy, Spain, France, Luxembourg, and Belgium correspond to Eurostat estimations on the basis of the national publications. The imputed rent is estimated for France and Ireland. Housing expenditure for Denmark includes loan repayments but not the imputed rent.

Purchasing Power Standard (PPS): Community unit of purchasing power parity which allows for an elimination of differences due to the price level. The purchasing power parity rate between the PPS and each national currency expresses the number of units of national currency necessary at time "t" to purchase in each Community country the same volume of goods and services as would be obtained with 1 unit of PPS in the Community.

Standard deviation: the standard deviation represents the typical spread about the mean. It is used to measure the degree of divergence of the results for a given country compared to the set of countries. The average standard deviation represents the average of all the standard deviations obtained for every country. For a given group, it measures the average degree of dispersion in the set of countries presented.

For more information

Eurostat: Family Budgets comparative tables 1988 to be published

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