

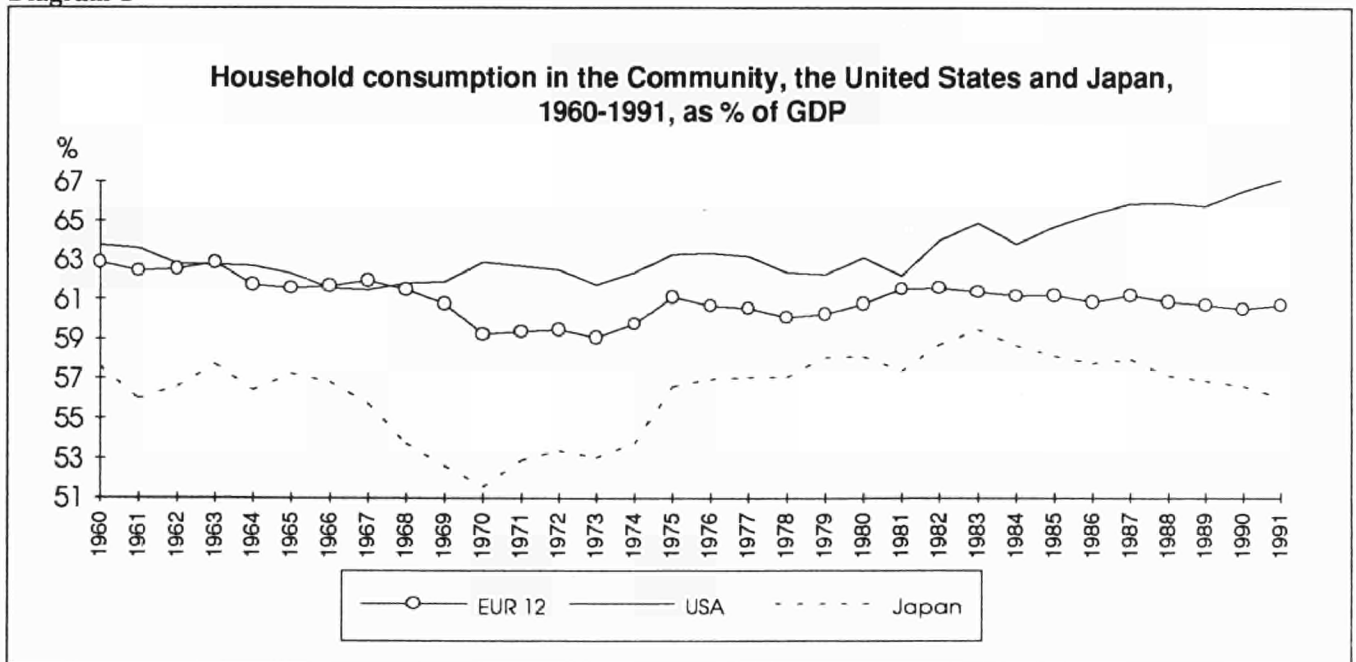
### HOUSEHOLD CONSUMPTION IN THE EUROPEAN COMMUNITY AND THE MEMBER STATES - Comparison with the United States and Japan

The final consumption of households represents the value of goods and services used for the direct fulfilment of household requirements. It covers both actual expenditure on purchases of merchant goods and services and own consumption such as the products from kitchen gardens and the imputed rent of owner-occupied dwellings. Eurostat has - in the framework of national accounts - a particularly well-stocked data

base<sup>1</sup> on household consumption which is the most important aggregate of GDP.

For most of the countries, the data on the eight major functions of consumption and forty-odd sub-functions are available from the year 1960. For some countries, the series does not begin until 1977 and for others, the data on sub-functions have a few gaps or are completely lacking.

Diagram 1



<sup>1</sup> Statistical Office of the European Communities, National Accounts Aggregates, 1970-1991, as well as the ESA national accounts - detailed tables by branch 1970-1991, Theme 2, Series C, Brussels/Luxembourg 1993.

Table 1

Household consumption, public consumption and gross capital formation in the Community, the United States and Japan, 1960-1991, as % of GDP									
Year	Household consumption			Collective consumption			Gross capital formation		
	EUR 12	USA	JAPAN	EUR 12	USA	JAPAN	EUR 12	USA	JAPAN
1960	62.9	63.7	57.6	13.0	16.9	8.0	20.7	18.0	29.0
1961	62.4	63.6	56.0	13.2	17.7	7.7	21.6	17.5	31.9
1962	62.5	62.8	56.6	13.5	17.8	8.0	21.9	17.6	32.2
1963	62.9	62.7	57.7	13.9	17.5	8.2	22.0	18.1	31.6
1964	61.7	62.7	56.4	13.6	17.2	8.0	22.8	18.5	31.7
1965	61.6	62.3	57.3	13.8	16.7	8.2	22.5	19.0	29.8
1966	61.7	61.6	56.8	13.8	17.7	8.0	22.4	18.8	30.3
1967	61.9	61.5	56.7	14.2	18.9	7.6	22.1	18.1	31.9
1968	61.5	61.8	53.7	14.0	18.7	7.4	22.1	18.4	33.2
1969	60.7	61.9	52.6	13.8	18.4	7.3	22.3	18.6	34.5
1970	59.2	62.8	51.5	14.0	18.7	7.4	23.8	18.0	35.5
1971	59.3	62.7	52.9	14.6	18.0	8.0	23.8	18.5	34.2
1972	59.4	62.5	53.4	14.7	18.0	8.2	23.5	19.2	34.1
1973	59.0	61.7	53.0	14.5	17.4	8.3	23.8	19.5	36.4
1974	59.7	62.3	53.7	15.2	18.0	9.1	23.6	18.9	34.8
1975	61.1	63.3	56.6	16.2	18.6	10.0	22.4	17.6	32.5
1976	60.6	63.3	56.9	15.9	18.0	9.9	21.9	17.9	31.2
1977	60.5	63.1	57.0	15.9	17.6	9.8	21.6	19.3	30.2
1978	60.0	62.3	57.1	16.1	17.0	9.7	21.4	20.7	30.4
1979	60.2	62.2	58.0	16.2	16.9	9.7	21.6	21.3	31.7
1980	60.7	63.1	58.1	16.8	17.6	9.8	22.0	20.2	31.6
1981	61.5	62.2	57.4	17.5	17.4	9.9	20.9	19.9	30.6
1982	61.6	64.0	58.7	17.6	18.4	9.9	20.0	18.7	29.5
1983	61.4	64.9	59.4	17.6	18.3	9.9	19.5	18.5	28.0
1984	61.2	63.8	58.7	17.3	17.8	9.8	19.2	19.3	27.7
1985	61.2	64.7	58.1	17.2	18.1	9.6	19.0	19.5	27.5
1986	60.9	65.3	57.8	16.9	18.5	9.7	19.0	19.1	27.3
1987	61.2	65.8	58.0	16.9	18.5	9.5	19.3	18.5	28.5
1988	60.9	65.9	57.1	16.6	18.1	9.2	20.0	18.3	29.9
1989	60.7	65.7	56.9	16.3	17.6	9.2	20.7	17.7	31.0
1990	60.5	66.5	56.6	16.4	17.9	9.1	20.9	16.8	32.2
1991	60.7	67.1	56.0	16.6	18.2	9.2	20.3	15.4	31.6

The aim of this report is to provide a descriptive analysis of the long-term development in the structure and level of consumption, both for this aggregate overall and by function. To compare levels between countries, purchasing power standards (PPS) are used, making these comparisons more

realistic.

This report may also serve as a basis for a study of household consumption from various viewpoints, e.g. the socio-economic aspect or European integration.

## Analysis for the Community, the United States and Japan

### The share of household consumption in GDP

The long-term development of that share of GDP devoted to fulfil household requirements (cf. diagram 1) is characterized by four clear phases for the three major economic blocs: stability, at different levels, up to the middle of the 1960s, diverging development of the shares up to 1975, convergence to the beginning of the 1980s followed by divergence again.

Over the 30 years observed, the share of household consumption has stayed fairly stable for the Community, amounting to 62.9% of GDP in 1960, the minimum standing at 59.0% in 1973 and the 1991 figure being 60.7%. Great stability can also be seen for the United States though there has been a constant trend upwards since the beginning of the 1980s. On the other hand, Japan's share is characterized by spectacular falls and climbs (57.7% of GDP in 1963, 51.5% in 1970, 58.1% in 1980 and 56.0% in 1991) which took place in a fairly short period of time.

At around 61% of GDP, household consumption in the Community in 1991 was between that of Japan (56.0%) and the United States (67.1%). In view of these large shares (almost two-thirds of Community GDP), the importance and role of household consumption is easy to see as a factor of economic growth, particularly in a period where most countries, trying to reduce their budgetary deficits, made considerable efforts to put a brake on public consumption; this often led to a slowing-down in the economy.

### Public consumption and gross capital formation

In the Community (cf. Table 1, diagram 2), public consumption has gone up regularly over the years: from 13.0% of GDP in 1960, it has levelled off in the past few years at around 16.5% (16.6% in 1991), after having been well above 17% between 1981 and 1983. It has thus compensated for the fall in household consumption. Gross capital formation, which at the beginning of the 1970s went as high as 23.8% of GDP has since 1988 been at the same level as in 1960 (between 20 and 21% of GDP).

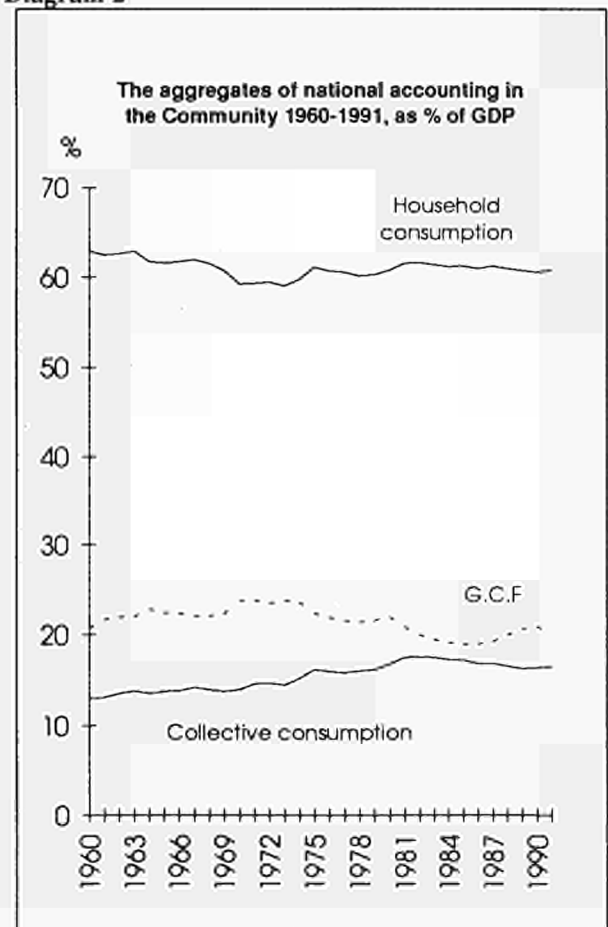
In the United States, the increase in the share of household consumption in GDP has not taken place to the detriment of public consumption (which stood at 18.2% in 1991 and was thus slightly above the 1960 level) but rather at the expense of gross capital formation which fell from 19.5% of GDP in 1985 to 15.4% in 1991.

In Japan, the share of public consumption in GDP, which stood at 9.2% in 1991, is fairly low: it stayed below 10% during the entire period of observation. On the other hand, gross capital formation (29% of GDP in 1960, 31.6% in 1991) was always at a high level (disregarding a slight weakening between 1983 and 1986) peaking at 35.5% in 1970 and 36.4% in 1973.

### Consumption per inhabitant

The trend in and level of consumption per inhabitant (Diagram 3, Table 2) are characterized by three major facts: firstly, the level has grown in spectacular fashion over 30 years (more than 2 times in the United States,

Diagram 2



**Table 2**

Household consumption per inhabitant in the Community, the United States and Japan, 1960-1991, in PPS of 1985			
	EUR12	USA	JAP
1960	3012	5534	1601
1961	3146	5552	1751
1962	3284	5706	1866
1963	3447	5831	2012
1964	3557	6078	2199
1965	3680	6344	2297
1966	3815	6587	2510
1967	3941	6705	2750
1968	4104	6980	2956
1969	4313	7157	3227
1970	4558	7245	3982
1971	4728	7389	4173
1972	4937	7784	4497
1973	5181	8036	4803
1974	5241	7873	4736
1975	5304	7965	4895
1976	5512	8322	4992
1977	5624	8606	5140
1978	5802	8863	5371
1979	5997	8956	5671
1980	6074	8829	5680
1981	6073	8871	5724
1982	6096	8875	5941
1983	6163	9232	6102
1984	6240	9587	6227
1985	6391	9943	6397
1986	6636	10246	6572
1987	6879	10430	6823
1988	7141	10766	7147
1989	7335	10883	7428
1990	7519	10895	7718
1991	7622	10712	7899

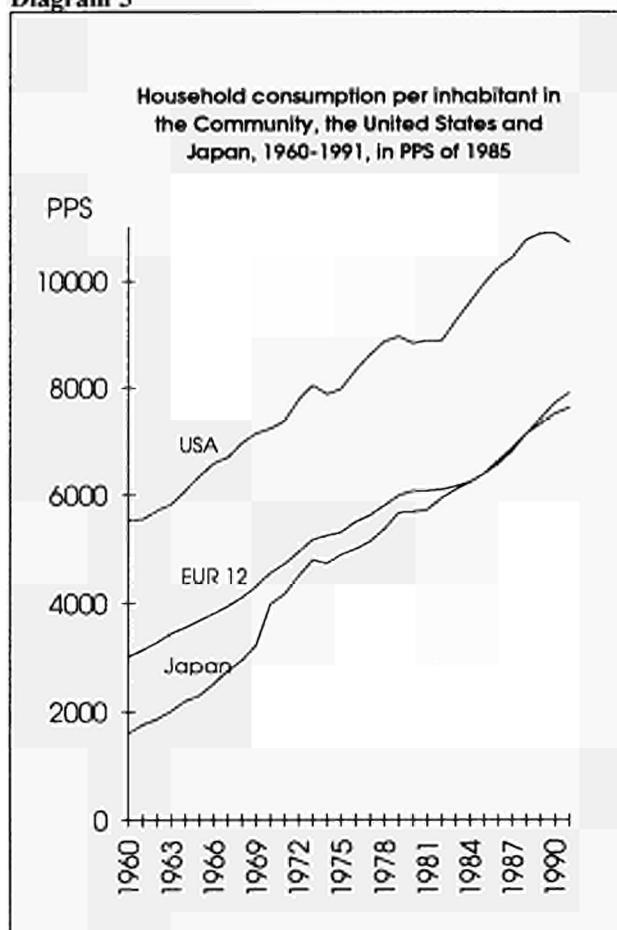
2.5 times in the Community and as much as 5 times in Japan). Secondly, the US level of consumption, expressed in PPS, was more than 40% greater than that of the Community in 1991. Thirdly, though Japan started at a level in 1960 which was scarcely more than half that of the Community, it caught up in 1988 and was 3.5% ahead in 1991.

It is interesting to see that the United States has been able to maintain this high level of consumption thanks

to a constant increase in the share of household consumption in GDP (cf. Diagram 1) whereas Japan has increased its level in much greater proportions than those of the Community or the United States despite the fact that the share of household consumption in GDP, which was already below that of its partners, fell regularly from 1983.

### The major functions of consumption

The eight major functions of consumption are illustrated in Table 3 and Diagrams 4 to 11. The analysis of the data per major category is carried out for the period 1977-1991 or 1991 because the information for all countries is available only from 1977 onwards.

**Diagram 3**

As regards the reliability of the data, the following reserves must be made:

firstly, attributing expenditure to the various functions and sub-functions cannot always be done with absolute precision (particularly for the function "other goods and services" which often covers goods and services which are difficult to classify under other functions);

secondly, there may occasionally be breaks in series because of revisions (change in concepts, reclassification of expenditure) carried out by the countries.

With a few exceptions, one may say that the structure of consumption per major category of goods and services develops in similar fashion, though at different levels, in the three major economies of the industrialized world.

This interesting phenomenon is illustrated in Diagrams 4 to 11 and commented on briefly below:

- Same downward trend for the most important of the functions, viz. food which made up around 20% of total consumption in the Community and in the United States in 1990 as opposed to only 13% in Japan.
- Similar development in the United States and the Community for another important function (between 17 and 20%) viz. rent. After a clear and continuous rise, there was a clear turn-around at the beginning of the 1980s whereas the proportion of rent in total consumption in Japan has gone up constantly since 1980.
- A major reservation must be made when comparing expenditure on health. This comparison is not significant in view of the institutional organization of the health services; these differ not only between the Community, the United States and Japan but between the countries of the Community itself. In household consumption, which is the subject of this report, only that expenditure made by households is considered whilst public health

Diagram 4

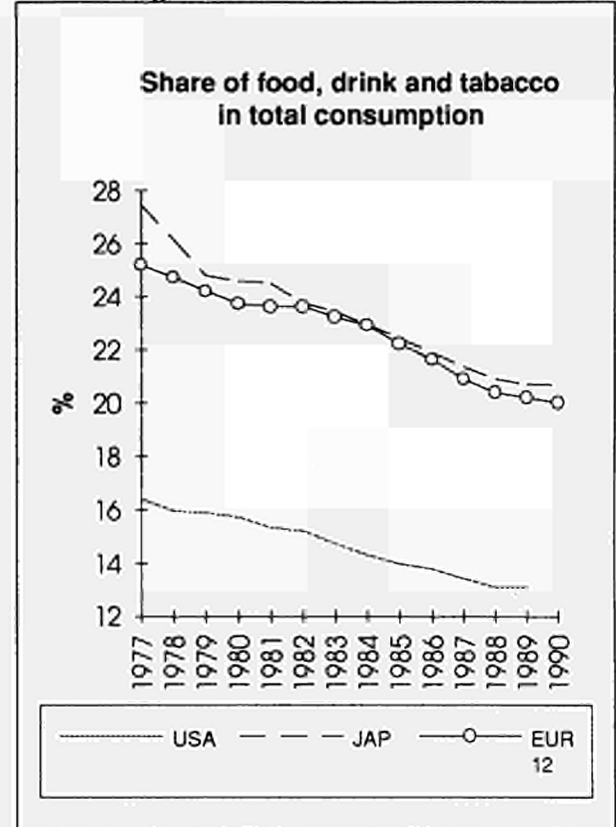
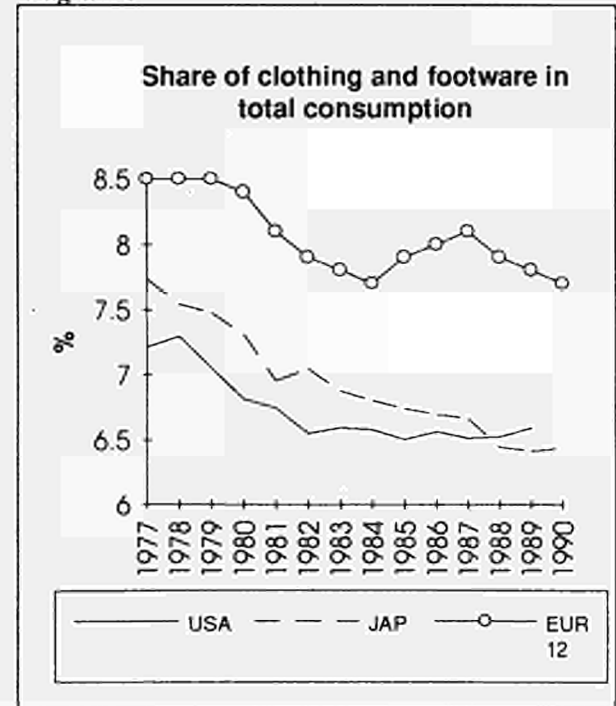


Diagram 5





services, which are extremely important in the Community and particularly in certain Member States, are classified under public consumption.

This explains why the share of health services in total consumption in the United States (cf. Diagram 8) is almost double that of the Community and shows a clear upward trend.

- A similar slightly upward trend for transport and communications in the Community and Japan though the curve is downward in the United States. The United States and the Community were at the same level of share in 1987 (14.9%).
- Upward trend for recreation and education with the same reservation - as will be described below - as for health services.

### Development of household consumption in the Member States

#### The weight of consumption in GDP

Amongst the major aggregates of GDP, it is without doubt household consumption which has undergone the greatest changes, less at EUR 12 level, where it represented 62.9% of GDP in 1960 as opposed to 60.7% in 1991, than for the various Member States.

The share of household consumption in GDP (cf. Diagram 12 and Table 4) fell over the years in seven Member States where the 1991 level was clearly below that of 1960. In five Member States, on the other hand (Germany, France, Italy, Luxembourg and the Netherlands) as well as in the United States, it remained stable and in some cases even went up slightly. These countries also had a marked growth in GDP during the period under observation.

The seven States for which the fall in the share of consumption in GDP was considerable between 1960 and 1991 are, in descending order: Ireland (-20.7), Portugal (-13.5), Denmark (-10.9), Greece (-10.0), Spain (-7.2 points), Belgium (-6.5) and the United Kingdom (-4.4). All these countries are now quite close

Diagram 6

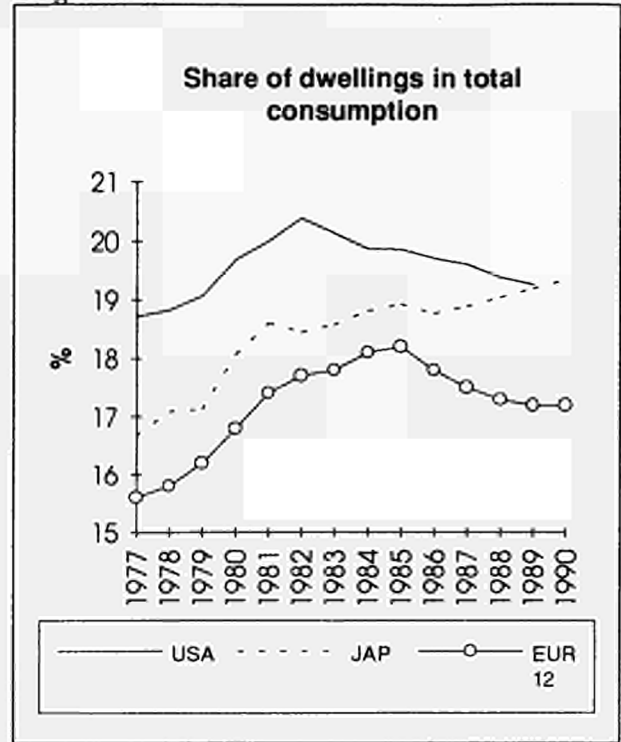


Diagram 7

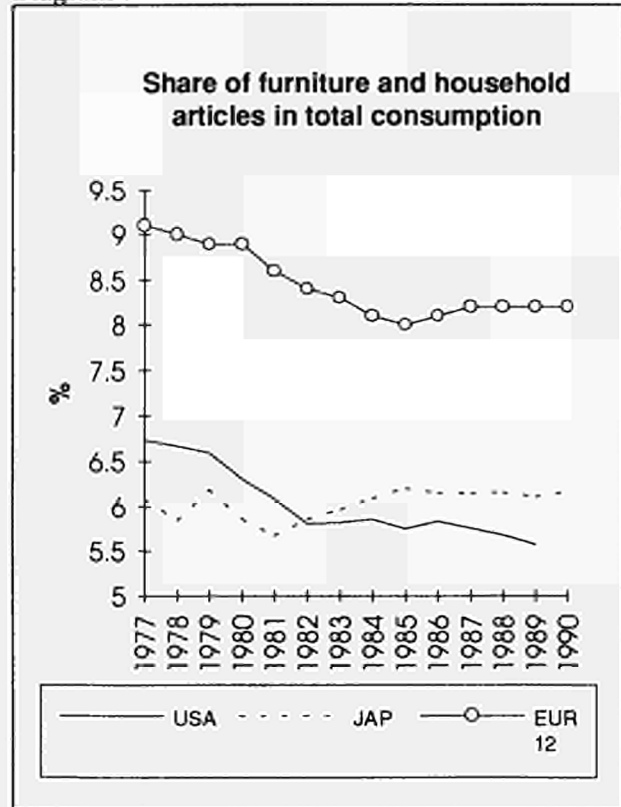


Table 3

Structure of consumption by major functions in the Community the United States and Japan, 1977-1990, as % of total consumption															
<b>Food, drink and tobacco</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	25.2	24.7	24.2	23.7	23.6	23.6	23.2	22.9	22.2	21.6	20.9	20.4	20.2	20	
USA	16.4	15.9	15.9	15.7	15.3	15.2	14.7	14.3	14	13.8	13.4	13.1	13.1		
Japan	27.5	26.2	24.8	24.6	24.5	23.7	23.4	22.9	22.4	21.9	21.3	20.9	20.7	20.7	
<b>Clothing and footwear</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	8.5	8.5	8.5	8.4	8.1	7.9	7.8	7.7	7.9	8	8.1	7.9	7.8	7.7	
USA	7.2	7.3	7.1	6.8	6.7	6.5	6.6	6.6	6.5	6.6	6.5	6.5	6.6		
Japan	7.7	7.5	7.5	7.3	7	7	6.9	6.8	6.7	6.7	6.7	6.4	6.4	6.4	
<b>Dwellings</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	15.6	15.8	16.2	16.8	17.4	17.7	17.8	18.1	18.2	17.8	17.5	17.3	17.2	17.2	
USA	18.7	18.8	19.1	19.7	20	20.4	20.1	19.9	19.9	19.7	19.6	19.4	19.3		
Japan	16.7	17.1	17.1	18.1	18.6	18.4	18.6	18.8	18.9	18.8	18.9	19	19.2	19.3	
<b>Furniture and household articles</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	9.1	9	8.9	8.9	8.6	8.4	8.3	8.1	8	8.1	8.2	8.2	8.2	8.2	
USA	6.7	6.7	6.6	6.3	6.1	5.8	5.8	5.9	5.7	5.8	5.8	5.7	5.6		
Japan	6.1	5.8	6.2	5.9	5.7	5.9	6	6.1	6.2	6.1	6.1	6.2	6.1	6.2	
<b>Health services</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	7.5	7.7	7.5	7.4	7.3	7.4	7.6	7.7	7.7	8	8.1	8.2	7.9	8.1	
USA	11.2	11.3	11.5	11.9	12.6	13.2	13.3	13.5	13.8	14.1	14.6	15	15.3		
Japan	9.2	9.6	9.8	9.9	10.1	10.5	10.6	10.5	10.5	10.8	11	11	10.8	10.7	
<b>Transport and communications</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	13.8	14.1	14.4	14.3	14.5	14.5	14.7	14.5	14.7	14.5	14.9	15	15.2	15.1	
USA	16.9	16.8	16.6	16.1	16	15.5	15.7	15.9	16	15.4	14.9	14.8	14.5		
Japan	9.9	10	10.2	10.2	10.2	10.2	10.2	10	9.8	9.7	9.6	9.9	10.1	10.3	
<b>Recreation and entertainment</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	8.5	8.5	8.4	8.3	8.2	8.2	8.1	8.1	8.1	8.3	8.4	8.5	8.5	8.6	
USA	8.7	8.7	8.7	8.6	8.7	8.7	8.9	9.0	9.2	9.3	9.6	9.9	10.0		
Japan	8.9	8.9	8.8	8.8	8.9	9.3	9.4	9.7	9.9	10.0	10.0	10.0	10.0	10.0	
<b>Other goods and services</b>	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
EUR12	11.8	11.8	12	12.2	12.3	12.4	12.6	12.9	13.2	13.6	14.1	14.6	15	15.1	
USA	14.1	14.5	14.6	14.8	14.6	14.6	14.9	14.9	15.0	15.3	15.6	15.7	15.6		
Japan	14.0	14.8	15.7	15.3	15.0	15.0	14.9	15.1	15.5	16.0	16.3	16.5	16.6	16.4	

Diagram 8

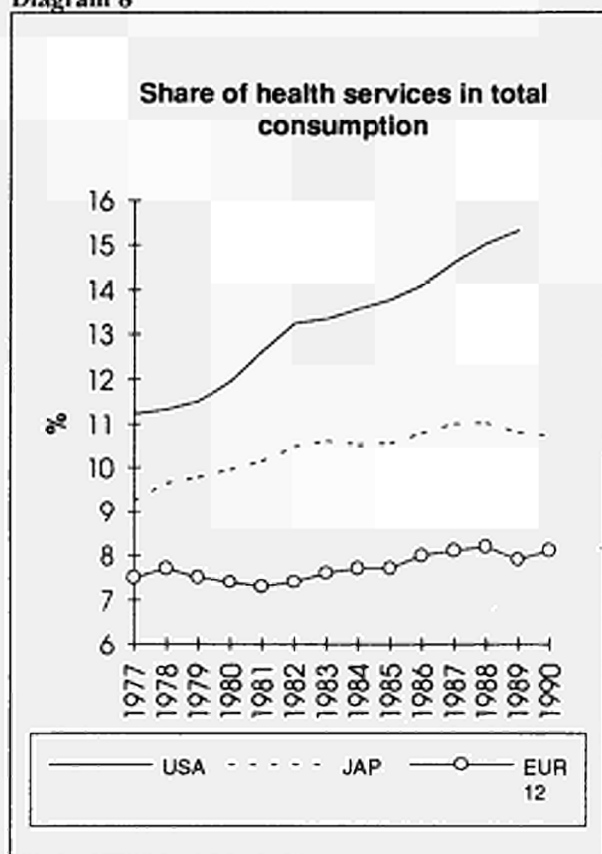


Diagram 10

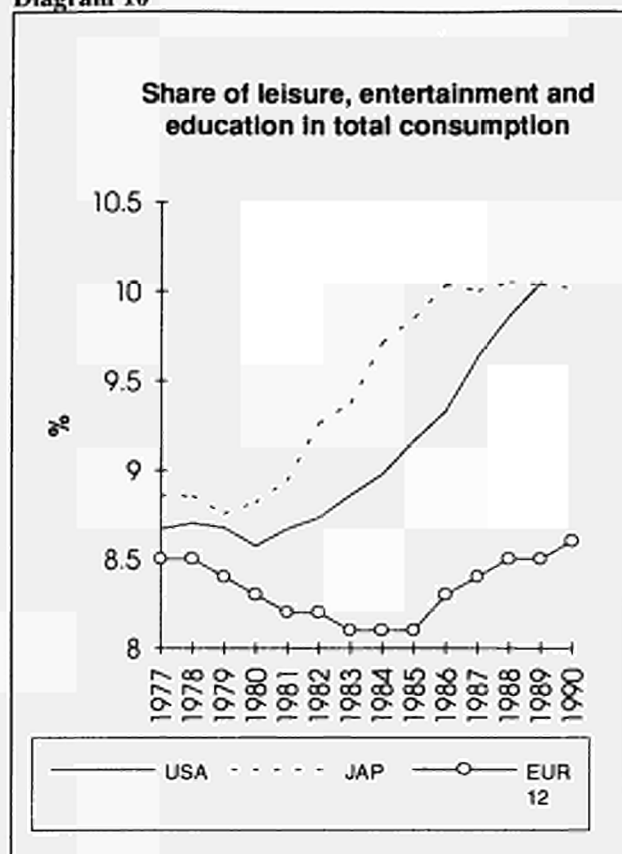


Diagram 9

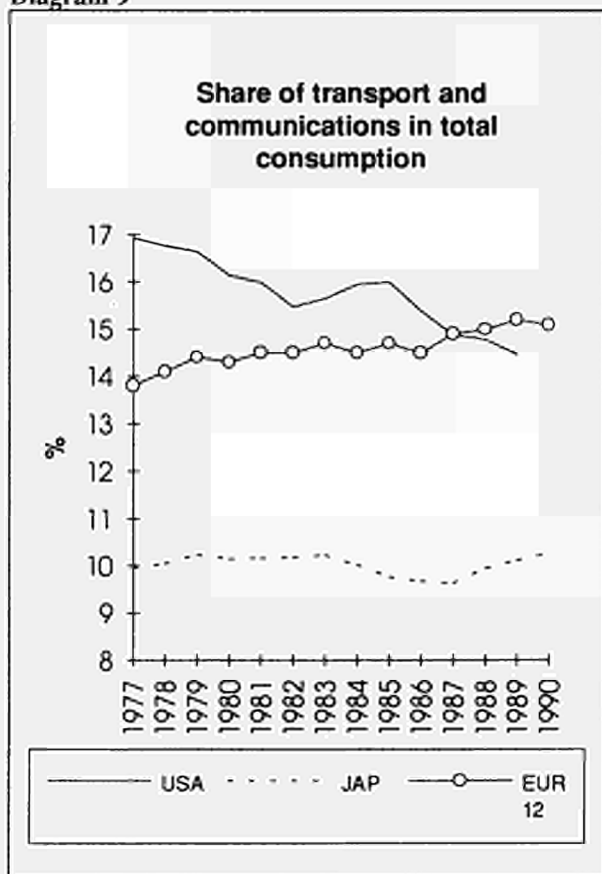
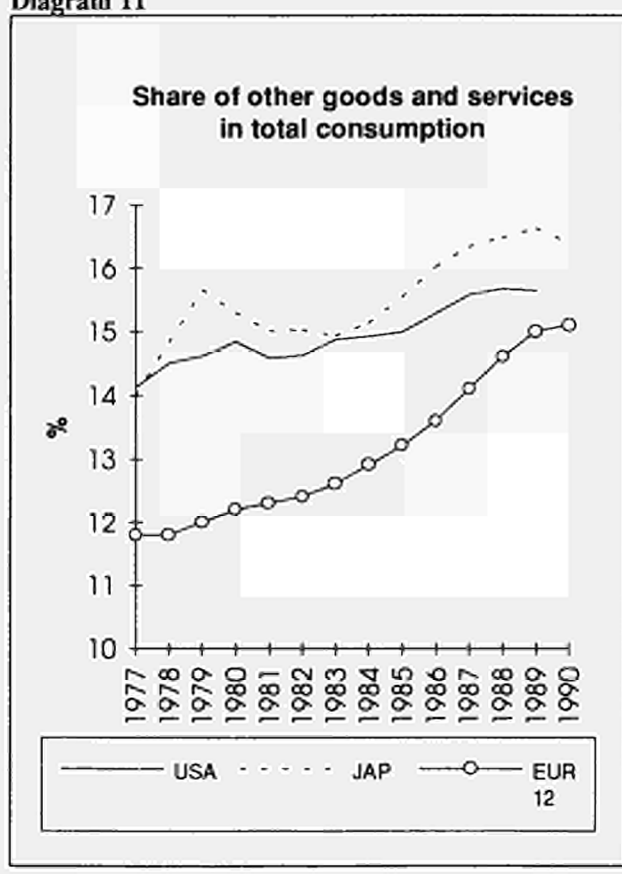


Diagram 11





to the Community average which was 60.7% in 1991, except for Denmark which has moved further away (the share of consumption in GDP falling to 51.8%) and Greece whose share remained very high at 70.3%. Certain extremely high rates noted in 1960 vis-à-vis the EUR 12 average (for example 80.3% for Greece, 76.5% for Ireland and 76.5% for Portugal) were reduced considerably.

### Levels per inhabitant

The comparison of consumption levels on the basis of figures per inhabitant in 1985 PPS (cf. Diagram 13 and Table 6) shows a steady and major increase for all countries between 1960 and 1991. Amounts more than doubled everywhere; they tripled for Spain, Greece, Italy and Portugal and were as much as five times higher for Japan.

The most spectacular increase is therefore exhibited by Japan: the amounts per inhabitant in were slightly superior to those of Greece and Portugal in 1960. In 1991 they exceeded the Community figures by 3.6%, but still remained below the level of five Member States.

Table 6 also contains two other important indicators which provide a reference when analysing household consumption. These are GDP and the compensation of

**Table 4**

Household consumption in the Member States, the United States and Japan, 1960, 1970, 1980 et 1991 as % of GDP				
	1960	1970	1980	1991
B	69.2	59.8	62.9	62.7
DK	62.7	57.2	55.4	51.8
D	58.6	57.5	62.0	59.3
E	69.7	64.7	65.9	62.5
F	61.2	57.6	58.6	60.1
GR	80.3	69.2	64.6	70.3
IRL	76.5	68.9	65.8	55.8
I	62.1	59.3	60.8	61.9
L	54.0	50.5	58.7	57.3
NL	56.8	57.9	60.6	59.4
P	76.5	71.4	66.9	63.0
UK	66.3	60.6	58.8	61.9
EUR12	62.9	59.2	60.7	60.7
USA	63.7	62.8	63.1	67.1
JAP	57.6	51.5	58.1	56.0

employees per inhabitant. The comparison between EUR 12, USA and Japan shows that consumption in the first two blocs went up at a slightly higher rate than GDP whereas it was completely the opposite in Japan (+460% for GDP, +393% for consumption between 1960 and 1991).

The rates of increase are also given for household consumption for the periods 1960/70, 1970/80 and 1980/91 as well as for the entire period (cf. Table 5).

**Diagram 12**

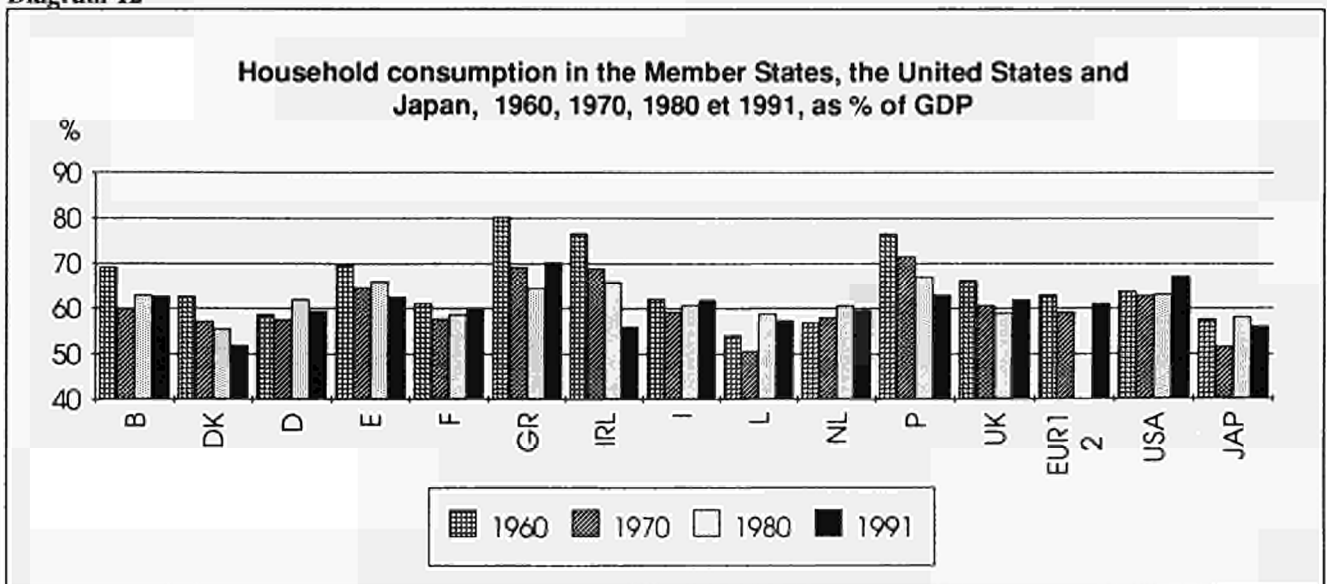
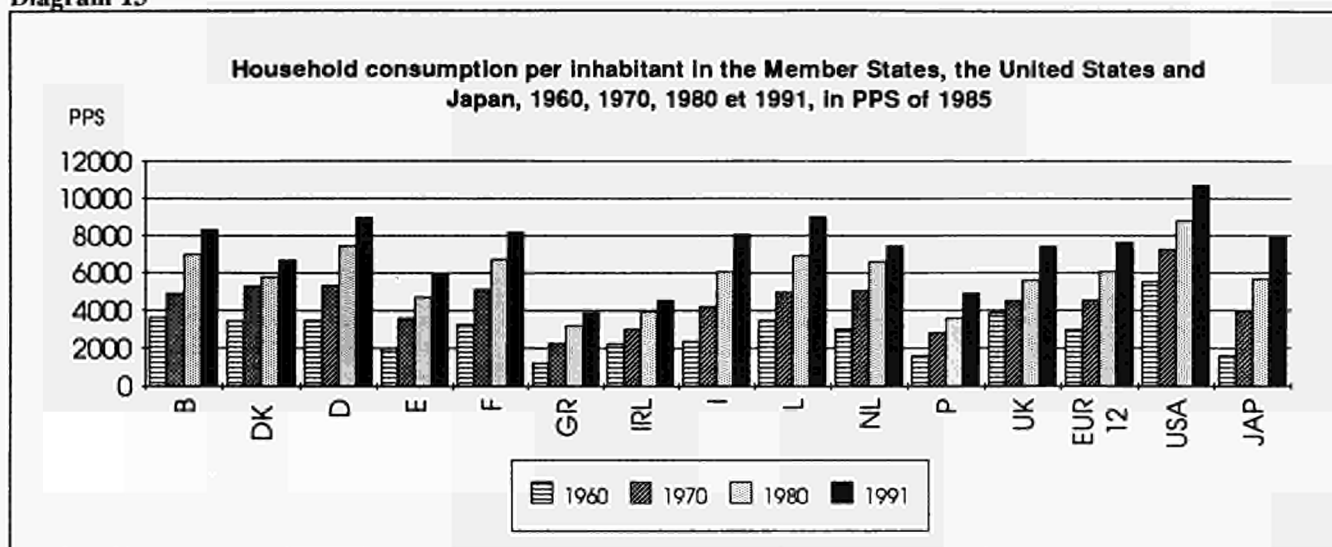


Diagram 13



### Trend in the major consumption functions in the Community

The trends in the major functions of consumption in the period 1977 to 1990 are summarized for the Community in Diagram 14 which shows functions with a share greater than 10% in the whole and Diagram 15 which shows those less than 10%.

For certain functions, there is a clear trend either upwards or downwards. The latter is very apparent for clothing and footwear, for furniture and particularly for food whereas there is a significant upward swing for health, transport and communications and particularly for other goods and services.

It is also interesting to note that there was a major downturn between the end of the 1970s and the beginning or middle of the 1980s for clothing and footwear, furniture and recreation (cf. Diagram 15). This downturn coincides with one period (1979-1983) where Community GDP grew by 3,7% in volume only; this suggests that households reduced their spending on goods and services which were not considered an absolute necessity.

Analysis shows that there is a strong correlation between the fall for food and the rise in health services (correlation coefficient of -0.837), transport and communications (-0.925) and particularly for other goods and services (-0.986). This analysis shows an

equally strong correlation between the fall for clothing and footwear and for furniture (coefficient of 0.900) between the rise in health services and in other goods and services (0.847), as well as between the rise for transport and communications and that for other goods and services (coefficient of 0.899).

Table 5

Rates of increase of household consumption per inhabitant in the Member States, the United States and Japan, 1960/70, 1970/80, 1980/91 as well as 1960/91, on the basis of the PPS for 1985				
	1960/70	1970/80	1980/91	1960/91
B	36.0	41.8	19.1	129.8
DK	52.2	9.5	15.4	92.3
D	52.1	39.7	20.5	156.1
E	80.8	31.1	26.7	200.6
F	58.0	30.8	22.4	152.9
GR	81.7	40.8	20.9	209.4
IRL	34.3	29.9	16.2	102.8
I	77.7	43.8	32.9	239.6
L	42.0	38.7	30.4	156.6
NL	68.0	29.8	13.4	147.3
P	76.9	28.1	36.4	209.0
UK	17.2	23.5	33.0	92.4
EUR 12	51.3	33.3	25.5	153.1
USA	30.9	21.9	21.3	93.6
JAP	148.8	42.7	39.1	393.5

Table 6

GDP, compensation of employees and consumption per inhabitant, in PPS for 1985											
		1960	1970	1980	1985	1986	1987	1988	1989	1990	1991
B	GDP	5075	7759	10444	10848	11001	11218	11739	12140	12518	12742
B	Comp. of employees	2339	3877	6268	6087	6178	6158	6272	6279	6633	6872
B	Consumption	3625	4931	6994	7108	7271	7486	7677	7931	8131	8332
DK	GDP	5663	8587	10308	11767	12179	12201	12335	12432	12630	12752
DK	Comp. of employees	2779	4622	5866	6329	6509	6779	6860	6806	6857	6826
DK	Consumption	3472	5286	5788	6393	6750	6639	6565	6533	6547	6679
D	GDP	6438	9078	11691	12449	12717	12895	13294	13611	14034	14378
D	Comp. of employees	3045	4830	6837	6974	7097	7252	7381	7442	7640	7875
D	Consumption	3513	5345	7466	7738	7986	8233	8438	8504	8788	8997
E	GDP	2982	5446	6985	7325	7533	7935	8325	8702	9007	9195
E	Comp. of employees	1213	2456	3585	3352	3400	3580	3773	3947	4146	4241
E	Consumption	1994	3606	4729	4696	4835	5101	5338	5626	5826	5994
F	GDP	5300	8636	11193	11785	12020	12229	12691	13106	13339	13422
F	Comp. of employees	2335	4260	6281	6475	6421	6465	6586	6737	6933	7028
F	Consumption	3250	5133	6714	7167	7404	7571	7762	7962	8139	8218
GR	GDP	1801	3556	5137	5328	5399	5352	5558	5735	5681	5767
GR	Comp. of employees	522	1117	1944	2211	2113	2048	2197	2345	2333	2221
GR	Consumption	1252	2274	3202	3491	3504	3532	3650	3795	3837	3873
IRL	GDP	2965	4292	5913	6443	6413	6731	7072	7579	8234	8394
IRL	Comp. of employees	1360	2238	3528	3477	3485	3576	3666	3752	4108	4292
IRL	Consumption	2251	3023	3928	3838	3914	4043	4237	4428	4578	4564
I	GDP	4172	7313	10065	10655	10946	11270	11706	12032	12275	12422
I	Comp. of employees	1772	3326	4779	4917	4915	5027	5174	5327	5530	5612
I	Consumption	2375	4221	6071	6517	6790	7081	7393	7649	7882	8066
L	GDP	6879	9254	11126	12493	13054	13332	13979	14751	15060	15323
L	Comp. of employees	2955	4304	7132	7450	7649	8296	8449	8770	9453	9917
L	Consumption	3516	4991	6920	7335	7563	7876	8115	8339	8581	9023
NL	GDP	5685	8732	10716	10994	11154	11166	11383	11847	12224	12399
NL	Comp. of employees	2723	4875	6341	5739	5903	6066	6116	6181	6392	6515
NL	Consumption	3021	5075	6587	6455	6624	6843	6855	7053	7293	7470
P	GDP	1950	3584	5186	5342	5563	5858	6091	6410	6701	6856
P	Comp. of employees		1598	2655	2531	2529	2695	2766	2890	3004	3113
P	Consumption	1593	2819	3610	3610	3811	4019	4286	4432	4676	4924
UK	GDP	6333	7916	9461	10396	10799	11287	11746	11957	11983	11683
UK	Comp. of employees	3740	4698	5645	5756	5988	6154	6400	6596	6818	6740
UK	Consumption	3868	4532	5595	6192	6569	6909	7397	7605	7620	7443
EUR12	GDP	5054	7647	9811	10419	10686	10966	11374	11707	11965	12073
EUR12	Comp. of employees		3922	5421	5465	5535	5659	5813	5947	6153	6245
EUR12	Consumption	3012	4558	6074	6391	6636	6879	7141	7335	7519	7622
USA	GDP	9447	12120	14329	15369	15611	15927	16479	16751	16688	16293
USA	Comp. of employees	5450	7418	8744	9165	9359	9608	9968	10027	10099	9893
USA	Consumption	5534	7245	8829	9943	10246	10430	10766	10883	10895	10712
JAP	GDP	2509	6864	9471	11005	11225	11629	12298	12829	13449	14001
JAP	Comp. of employees	1011	2985	5142	5972	6104	6310	6626	6957	7374	7791
JAP	Consumption	1601	3982	5680	6397	6572	6823	7147	7428	7718	7899

Diagram 14

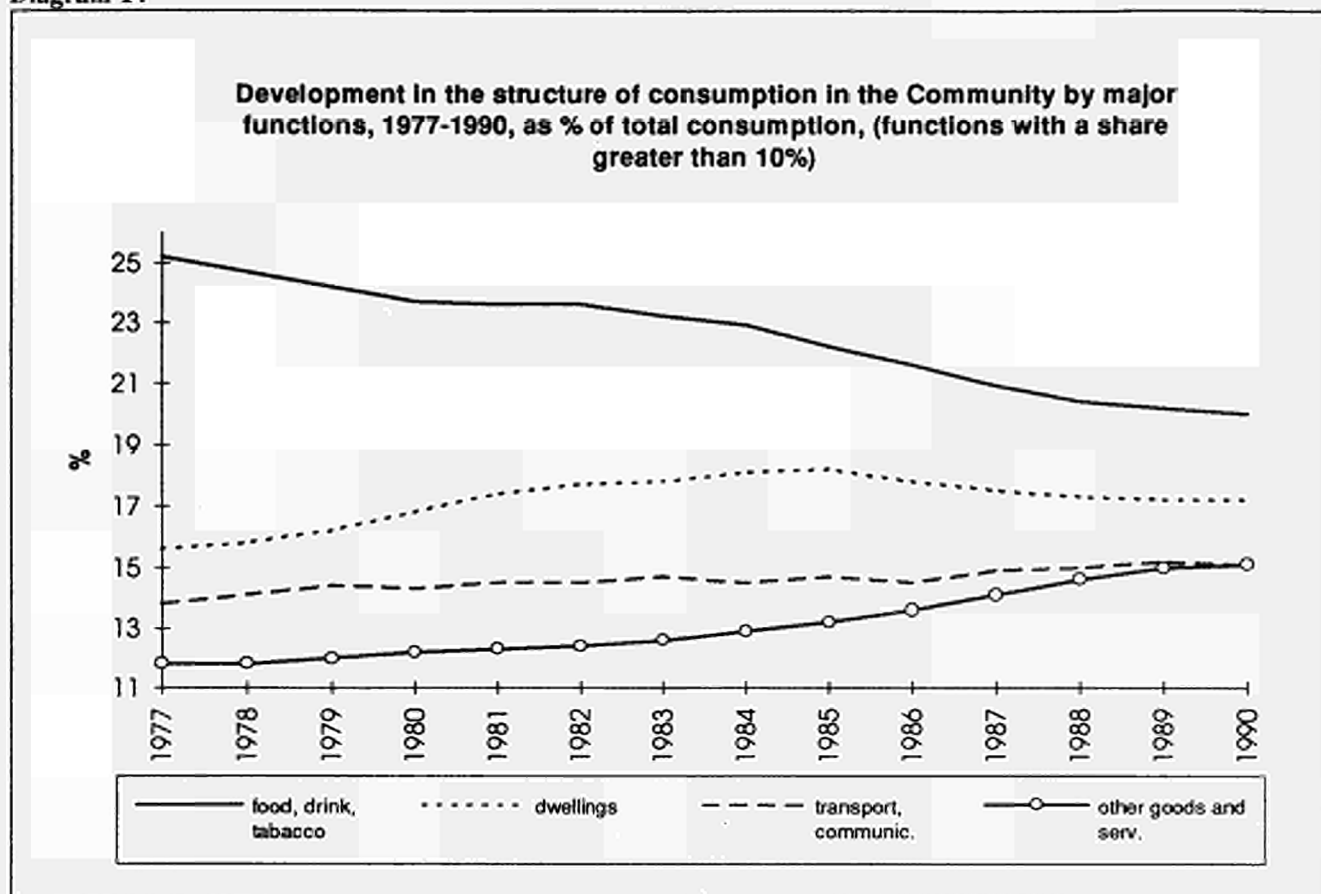
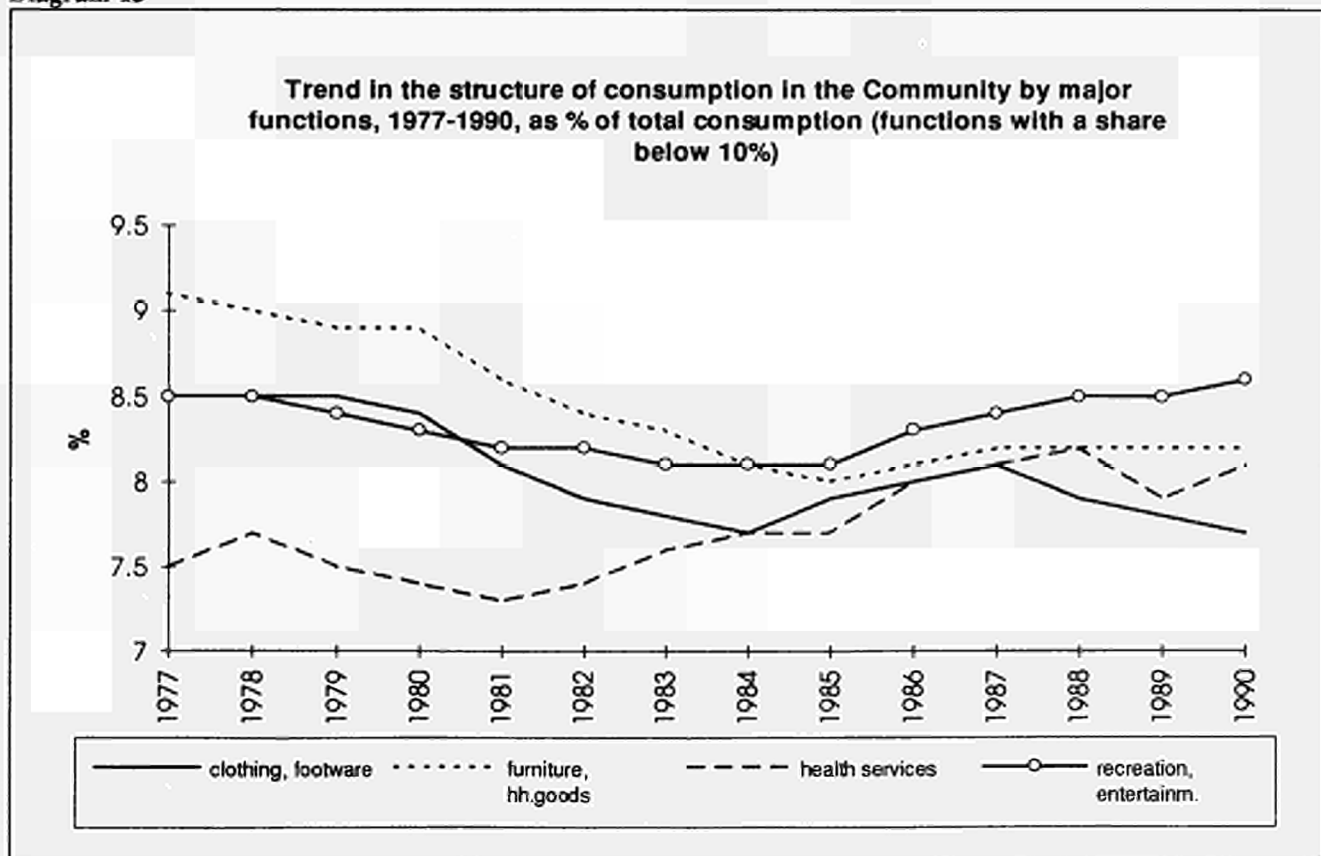


Diagram 15



## The major consumption functions in the Member States

After examining the structure of consumption by the major categories and goods and services at Community level and for the United States and Japan (cf. Table 3 and Diagrams 4 to 11) as well considering EUR 12 separately (cf. Diagrams 14 and 15), there follows an analysis of the structure and trends in the functions for the Member States.

Table 7 shows the structure variations for 1970/1977 whereas Tables 8 to 15 give the share of each function

in total consumption in four reference years and for each Member State. It is interesting to compare the results per Member State with those for the Community as a whole for each parameter.

This exercise does not give direct information on the levels of consumption by function since the weight of each function must be related to the level of consumption (cf. Diagram 13). The analysis is concentrated, therefore, on structural aspects only.

Table 7

Change in the structure 1991/1977 for the major functions of consumption for the Community and the Member States, as % of total consumption												
	EUR 12	B	DK	D	GR	E	F	IRL*	I	L	NL	UK
Food, drink and tobacco	-5.2	-5	-5.3	-3.9	-1.9	-6.6	-3.9	-6.9	-11.5	-7.1	-6.1	-8.2
Clothing and footwear	-0.8	0	-1	-1.3	-2.2	0.4	-1.6	0.5	-0.4	-1.9	-1.5	-1.7
Dwellings	1.6	1.5	4.9	1.9	0.9	2.8	3.9	-0.7	3	1.6	4.2	0.4
Furniture and household articles	-0.9	-1.6	-2.1	-0.8	-0.6	-1.5	-2.2	0.7	0.4	0.9	-3	-0.9
Health services	0.6	1.7	0.5	1.5	-0.2	0.3	2.3	1.9	2.4	0.3	1.1	0.7
Transport and communications	1.3	1.5	0.4	2.6	2.1	2.3	0	-0.2	1.2	5.1	1.5	2.8
Recreation, entertainm.	0.1	0.8	0.6	1	0.7	-0.7	0.2	1.6	1.1	0.3	0.7	0.6
Other goods and services	3.3	2.5	1.9	1.1	1.3	10.6	1.2	2.8	3.9	0.7	3	6.3

\* for Ireland, 1990

### Analysis by function

A brief analysis is given below for the different functions. They are discussed in the order of their relative weight in total consumption:

- For food, drink and tobacco, the fall in weight in total consumption is considerable and found everywhere though it is more pronounced in

Spain, Ireland, Luxembourg, the United Kingdom and particularly Italy with a decrease of 11.5 points.

- For Greece, despite the share of food in total consumption being very high (38.9% in 1977, 37.0% in 1991), the fall was only 1.9 points. For most countries, the most important of the functions of consumption averages out around 20% which is



also the Community average. Three countries form exceptions, Germany and the Netherlands with low shares (16.7% and 15.4% respectively in 1991) and Ireland with a very high share (36.4% in 1990).

**Table 8**

<b>Share of food, drink and tobacco in the Member States, as % of total consumption</b>					
	1977	1982	1987	1990	1991
B	23.6	21.3	20.6	19.0	18.6
DK	26.5	25.1	21.9	21.5	21.2
D	20.1	19.4	17.2	16.8	16.2
E	29.5	27.5	23.6	21.8	20.9
F	22.9	21.0	19.9	19.1	19.0
GR	38.9	41.2	38.5	38.0	37.0
IRL	43.3	43.8	38.7	36.4	
I	31.7	27.4	23.0	20.7	20.2
L	25.7	24.2	21.4	19.4	18.6
NL	21.5	20.2	16.1	15.6	15.4
UK	30.1	26.7	22.9	21.4	21.9
EUR12	25.2	23.6	20.9	20.0	

- For dwellings, another important function (17.2% for EUR 12 in 1990), the tendency over the period 1977/1990 is upwards everywhere except in Ireland (-0.7 points) and Spain (-2.8 points). The countries which are at a significant distance from the Community average are Denmark whose share in 1991 was 27.7% (+4.9 points between 1977 and 1991), Spain and Greece (around 12.5%) and particularly Ireland (10.3% in 1990). For the latter

**Table 9**

<b>Share of dwelling in the Member States, as % of total consumption</b>					
	1977	1982	1987	1990	1991
B	15.2	18.3	17.2	16.5	16.7
DK	22.8	27.1	26.3	27.8	27.7
D	16.3	18.9	19.1	18.3	18.2
E	15.4	16.6	13.1	12.6	12.6
F	16.1	17.3	18.6	18.9	20.0
GR	11.6	11.7	11.3	11.6	12.5
IRL	11.0	12.0	11.3	10.3	
I	12.4	13.9	14.5	14.8	15.4
L	18.2	19.4	20.4	19.8	19.8
NL	14.2	18.2	17.7	17.8	18.4
UK	18.2	20.9	19.5	17.8	18.6
EUR12	15.6	17.7	17.5	17.2	

country, however, it must be said that some of the household expenditure on this item is borne by the State. It is, therefore, a part of the public consumption.

- Transport and communications also come under those functions which have had a moderate rise (+1.3 points for EUR 12 between 1977 and 1990) which is found virtually everywhere except in Ireland (-0.2 points). Significant increases are recorded for Germany (+2.6 points), Spain (+2.3 points), the United Kingdom (+2.8 points) and particularly Luxembourg (+5.1 points), whose share attained 9.1% of overall consumption in 1991. The share of Belgium (13.5%), Italy (12.1%) and the Netherlands (12.7%) is clearly below the Community average.

<b>Share of transport and communications in the Member States, as % of total consumption</b>					
	1977	1982	1987	1990	1991
B	12.0	12.4	12.3	13.5	13.5
DK	15.6	14.8	17.2	15.7	16.0
D	14.0	13.6	14.6	15.9	16.6
E	12.9	13.2	14.8	15.3	15.2
F	15.9	17.2	16.8	16.7	15.9
GR	12.8	13.2	13.0	14.2	14.9
IRL	13.6	13.4	12.0	13.4	
I	10.9	12.2	12.3	12.2	12.1
L	14.0	17.8	16.1	17.5	19.1
NL	11.2	10.6	12.9	12.4	12.7
UK	14.4	16.7	17.4	18.0	17.2
EUR12	13.8	14.5	14.9	15.1	

- The function "Other goods and services" is the prime function other than food which reflects the greatest changes in EUR12, its average share going up by 3.3 points between 1977 and 1990. It is made up of highly dissimilar goods and services such as expenditure on personal care, on hotels and restaurants, on tourism, etc.

The share of this function went from 11.8% in 1977 to 15.1% in 1990 for the Community as a whole. There were spectacular rises in the United Kingdom (+6.3 points) and particularly in Spain (+10.6 points), whereas Germany's share, though relatively low in 1977 (8.8%), went up by 1.1 points only.

Table 11

Share of other goods and services in the Member States, as % of total consumption					
	1977	1982	1987	1990	1991
B	13.1	13.5	14.6	15.4	15.6
DK	8.9	9.1	10.5	10.8	10.8
D	8.8	9.2	9.6	9.9	9.9
E	14.7	17.3	23.1	24.4	25.3
F	12.9	13.3	13.5	14.1	14.1
GR	8.4	8.2	9.9	10.1	9.7
IRL	6.7	6.4	9.2	9.5	
I	13.2	14.6	16.3	16.9	17.1
L	13.6	12.6	13.8	14.5	14.3
NL	13.1	13.4	15.9	16.4	16.1
UK	12.2	11.9	15.7	18.8	18.5
EUR12	11.8	12.4	14.1	15.1	

Other increases can be seen for Greece, France and Luxembourg though these are all slight.

It is interesting to note that there were considerable increases in virtually every country from the middle of the 1980s; this probably corresponds to the development of tourism and expenditure in hotels and restaurants.

- For clothing and footwear the share falls slightly, both for the Community as a whole (-.8 points)

Table 12

Share of clothing and footwear in the Member States, as % of total consumption					
	1977	1982	1987	1990	1991
B	8.0	8.1	7.6	7.8	8.0
DK	6.4	5.8	5.9	5.4	5.4
D	8.6	7.9	7.7	7.4	7.3
E	8.4	7.5	8.9	8.9	8.8
F	7.8	7.1	7.0	6.4	6.2
GR	10.9	8.5	9.1	8.9	8.7
IRL	6.7	6.4	7.2	7.2	
I	10.3	10.3	10.5	10.1	9.9
L	7.8	6.7	6.8	6.1	5.9
NL	8.5	7.2	7.5	7.1	7
UK	7.6	6.6	6.8	6.2	5.9
EUR12	8.5	7.9	8.1	7.7	

as for the Member States with peaks in Greece (-2.2 points), Luxembourg (-1.9 points) and the United Kingdom (-1.7 points). There were, however, slight increases in Spain and Ireland.

As regards the shares of the Member States, they vary little from the Community average (-7.7% in 1990), except in Denmark and Italy (5.4% and 9.9% respectively in 1991).

- There was a general trend downwards for furniture and household articles with a few exceptions (Ireland, Italy and Luxembourg). The EUR 12 share went from 9.1% in 1977 to 8.2% in 1990 (-0.9 points), the greatest falls being for Denmark (-2.1 points), France (-2.2 points) and particularly the Netherlands (-3.0 points). The share of the various countries is close to the Community average if one excepts Belgium (10.9%) and Denmark (6.3%).

Table 13

Share of furniture and household articles in the Member States, as % of total consumption					
	1977	1982	1987	1990	1991
B	12.5	10.6	10.5	10.9	10.9
DK	8.4	6.9	6.7	6.5	6.3
D	9.2	8.3	8.0	8.4	8.4
E	8.0	7.2	6.6	6.6	6.5
F	9.8	9.2	8.2	7.8	7.6
GR	8.6	8.1	8.6	8.2	8.0
IRL	7.3	6.2	7.2	8.0	
I	9.1	9.0	9.1	9.4	9.5
L	9.9	8.7	10.2	10.8	10.8
NL	10.2	7.9	7.0	7.4	7.2
UK	7.3	6.7	6.8	6.5	6.4
EUR12	9.1	8.4	8.2	8.2	

- On the health services, one should remember the comment made above on the institutional organization of these services which leads to the shares in total consumption varying greatly from country to country. One can in fact distinguish three groups of countries: the first, comprising Denmark, Ireland and the United Kingdom, with very low shares and virtually totally public health services, a second comprising Spain, Greece and Italy with a mixed system and a third group, where

the shares are way above the Community average, health being basically organized via a system of contributions.

At EUR 12 level, there was a very slight increase in the share over the period under consideration (+0.6 points), this being slightly more marked in Germany (+1.5 points), France (+2.3 points), Ireland (+1.9 points) and Italy (+2.4 points).

The variations may also come about as a result of amendments to the institutional organization of health.

**Table 14**

Share of health services in the Member States, in % of total consumption					
	1977	1982	1987	1990	1991
B	9.7	10.0	10.8	11.1	11.4
DK	1.8	1.8	1.9	2.2	2.3
D	12.9	13.6	14.7	14.2	14.4
E	3.8	3.8	3.4	3.9	4.1
F	7.4	7.7	8.7	9.3	9.7
GR	3.7	3.3	3.6	3.6	3.5
IRL	2.1	2.3	4.1	4.0	
I	4.3	5.1	5.9	6.6	6.7
L	7.0	7.0	7.4	7.5	7.3
NL	11.6	13.1	12.7	12.7	12.7
UK	0.9	1.1	1.3	1.4	1.6
EUR12	7.5	7.4	8.1	8.1	

- The comment which has just been made for health is also more or less true for the function "Recreation, entertainment and education" for which the shares in total consumption vary considerably from country to country (4.2% for Luxembourg, and 10.5% for the Netherlands in 1991 as opposed to a 1990 figure for EUR12 of 8.6%).

For this function, there is a very slight increase of the share (+0.1 points for EUR 12) and moderate rises for most countries (except for Ireland, +1.6 points) and two downswings (-1.0 points for Germany and -0.7 points for Spain).

**Table 15**

Share of recreation, entertainment and education in the Member States, as % of total consumption					
	1977	1982	1987	1990	1991
B	5.8	6.0	6.5	6.7	6.6
DK	9.6	9.4	9.7	10.3	10.2
D	10.0	9.1	9.0	9.2	9.0
E	7.3	6.8	6.6	6.5	6.6
F	7.3	7.3	7.3	7.6	7.5
GR	5.0	5.8	6.0	5.6	5.7
IRL	9.5	9.4	10.4	11.1	
I	8.0	7.6	8.4	9.2	9.1
L	3.9	3.5	3.9	4.3	4.2
NL	9.8	9.4	10.2	10.6	10.5
UK	9.3	9.4	9.5	9.9	9.9
EUR12	8.5	8.2	8.4	8.6	

### General trends

Summing up, one can say that the very clear trends for the Community as a whole apply to the Member States as well with a few exceptions commented on above. These trends apply both to chronological developments and to the weight of functions where a certain degree of convergence is apparent.

The functions whose share in overall consumption has fallen are clothing and footwear, furniture and household articles and particularly food, drink and tobacco. Another functions displaying a clear and general trend, but this time upward, is that of goods and services. Three functions, dwellings, health services and transport and communications are also generally upward but the increase is moderate.

For one function, - recreation, entertainment and education - there is virtual stagnation both at EUR 12 level and for most of the Member States.