
PRIVATE CONSUMPTION IN GERMANY

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↳ **Keywords:** national accounts – gross domestic product – consumption –
ESA 2010

ABSTRACT

The article focuses on private consumption expenditure. It examines its contribution to the short-term economic development in 2019 and the different concepts and breakdowns. Additionally, the article explains the calculation of household purchases of digital services abroad, which was integrated into the calculation of consumption expenditure as part of the 2019 major revision of national accounts, and presents a comparative analysis of consumption expenditure in the Member States of the European Union.

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1

Introduction

The demand side of gross domestic product encompasses consumption expenditure, gross capital formation and the balance of exports and imports. Consumption expenditure is spending on goods and services which households, non-profit institutions serving households and general government use to finance individual and collective needs.

The article begins with an explanation of various definitions in line with the European System of Accounts (ESA) 2010 (European Commission, 2014) before giving details, in section 3, of the contribution household consumption expenditure made towards economic development in 2019. The new method of calculating household purchases of digital services abroad, which was introduced as part of the 2019 major revision of national accounts, is described in section 4. Finally, section 5 presents a comparison of consumption expenditure across the Member States of the European Union.

2

Household final consumption expenditure

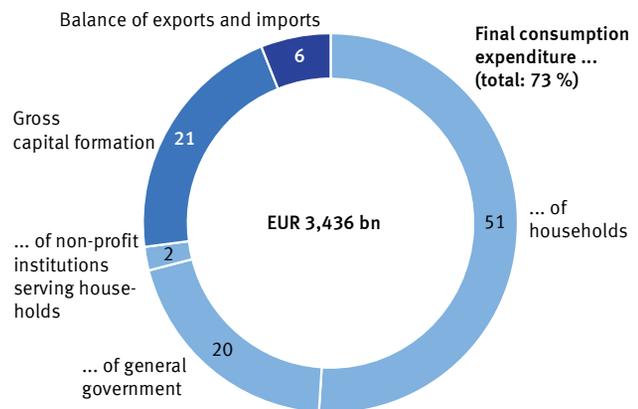
Final consumption expenditure accounted for a total of 73% of gross domestic product in 2019, with household final consumption expenditure being the most important use category (51% of gross domestic product).

↘ Figure 1

Final consumption expenditure of households (HFCE) refers to spending on goods and services which resident households use to satisfy individual needs and wants. It can be incurred both in Germany and abroad and includes, for example, expenditure on food and beverages, clothing, housing services and energy, furnishings and household equipment, healthcare, transport and telecommunications, recreation and education, and financial and insurance activities.

In addition to actual purchases, final consumption expenditure of households (HFCE) also includes certain

Figure 1
Uses of gross domestic product in 2019
in %



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imputed purchases, primarily imputed rent payments for owner-occupied dwellings and household benefits in kind in the form of income in kind which employees receive from employers (mainly privately used company cars). Further, household final consumption expenditure (HFCE) includes those products which are produced in one's own company and then consumed in the company owner's household. Only the service charges contained in the premiums which households pay to private insurers is accounted for in final consumption expenditure.

Household final consumption expenditure (HFCE) does not include households' tax expenditure, social security contributions or donations to institutions serving households. Nor does it include expenditure for capital-formation purposes, such as purchases of land and buildings, or loan repayments and interest charges on loans. Investment in valuables such as jewellery, antiques or works of art are likewise not included in consumption expenditure (HFCE), as it is accounted for as acquisitions less disposals of valuables.

Household expenditure on furnishings, maintenance and repairs in own dwellings is included in consumption expenditure (HFCE) if it is normally also borne by tenants. If it is not normally borne by tenants, it forms part of gross fixed capital formation. Expenditure on statutory social insurance and public assistance for medication, medical and hospital services, as well as other medical and social benefits is not included in household consumption expenditure (HFCE) either. Instead, it forms

part of individual consumption expenditure of general government (see below regarding the concepts of final consumption expenditure and actual final consumption).

Final consumption expenditure of households (HFCE) is shown at purchase prices, that is the prices which purchasers actually pay for products at the time of purchase. It thus includes the applicable value added tax (VAT) and other excise duties.

Final consumption expenditure of households (HFCE) is first calculated on the basis of households' domestic purchases (domestic concept). It covers all spending by households in Germany, that is including non-residents such as tourists from abroad. To calculate consumption expenditure based on the domestic concept, turnover (including VAT and other taxes on products and all exhaustiveness adjustments) is calculated for each sector supplying goods or services to households (supply source). Next, consumption ratios are calculated, that is the share of sales to households of total sales. Domestic purchases include household online purchases abroad, chiefly purchases of digital services, since they are made domestically and not while travelling abroad. Second, quantity-price calculations based on diverse sources are done in regard to a variety of products, for instance housing services and motor vehicle and energy purchases.

Domestic household purchases are first broken down by supply source, largely in line with the 2008 edition of the Classification of Economic Activities. This delivers information about where households purchase their products. With regard to domestic purchases by households, most products were purchased in retail trade in 2019 (34%). Retail trade includes mail-order business, which is gaining ever greater importance, as well as automotive fuel purchases at filling stations. Households used 19% of their consumption expenditure for housing services (not including service charges), which is both a supply source and a purpose category. The third largest supply source, with a 7% share, was the wholesale and retail trade in motor vehicles and motorcycles, which includes purchases of vehicles as well as accessories and all services linked to cars, but not automotive fuels. [Table 1](#)

In addition, domestic household purchases are broken down by purposes (corresponding to product groups) and by durability of goods, in each case based on the German Classification of Income and Expenditure of Households (SEA, Statistisches Bundesamt, 2013;

Table 1

Final consumption expenditure of resident and non-resident households on the economic territory of Germany in 2019

	At current prices	
	EUR bn	%
Final consumption expenditure of households in Germany	1,705	100
	By supply source	
Agriculture, forestry and fishing	7	0
Mining and quarrying, manufacturing and construction	35	2
Energy supply	58	3
Wholesale and retail trade and repair of motor vehicles and motorcycles	118	7
Wholesale trade	34	2
Retail trade	583	34
Transport	47	3
Hotels and restaurants	94	6
Information and communication	44	3
Financial and insurance activities	91	5
Housing services	321	19
Human health and social work activities	88	5
Other services	185	11
	By purposes	
Food and non-alcoholic beverages	184	11
Alcoholic beverages, tobacco	54	3
Clothing and footwear	77	5
Housing, water, energy	402	24
Furnishings and household equipment	111	6
Health	91	5
Transport	238	14
Communication	39	2
Recreation and culture	188	11
Education	16	1
Restaurants and hotels	95	6
Miscellaneous goods and services	210	12
	By durability of goods	
Non-durable goods	463	27
Semi-durable goods	158	9
Durable goods	200	12
Services	883	52

based on the Classification of Individual Consumption According to Purpose (COICOP).

A look at the purposes shows that the biggest share of expenditure goes to total housing: the share of rents and owner-occupied dwellings, including service charges and energy (electricity, gas and other fuels) totalled 24% in 2019. A large share, namely 14%, of domestic purchases goes to transport, including motor vehicles

and automotive fuel purchases as well as to expenditure on flights and public transport. Expenditure on food and non-alcoholic beverages and on recreation and culture each account for 11 % of total expenditure. It should be noted that restaurants also include expenditure on food and beverages.

Breaking down household consumption expenditure by durability of goods enables goods to be classified by their useful life. Consumer durables can be used for more than a year. Durable goods, which can be used for several years and tend to be higher-value items, are particularly interesting in this regard. This category includes motor vehicles/motorcycles, furnishings and large household electrical appliances. The remaining consumer durables, which are lower-value items, are classed as semi-durable goods. The boundaries between durable and semi-durable, as well as between high- and low-value goods are often quite fluid, however. That is why the Classification of Income and Expenditure of Households is used (Statistisches Bundesamt, 2013), where the classification of individual products at four-digit level applies the principle of main use. Products are described as non-durable goods if they are used only once, that is all food, tobacco and alcohol, as well as electricity and gas. All remaining products which are not goods, such as housing services and healthcare services, are classed as services.

Services account for 52 % of domestic consumption expenditure, with main items being housing services, including imputed rents for owner-occupied dwellings. Durable goods account for around 12 % and form the basis for calculating households' stock of consumer durables as part of national wealth accounts (see Table 1).

After the final consumption expenditure of resident and non-resident households on the economic territory has been calculated based on the various above-mentioned breakdowns, the next step is to apply the resident concept and then to distinguish between expenditure concept and actual concept. The breakdowns described so far were all based on the domestic concept. In order to be able to calculate the consumption expenditure of residents, the consumption expenditure of non-resident households on the economic territory is first deducted from purchases of households in Germany. The consumption expenditure of resident households in the rest

of the world is then added. Information on both cross-border flows is taken from Deutsche Bundesbank's balance of payments statistics.

The resulting consumption expenditure of households based on the resident concept as well as the final consumption expenditure of general government and that of non-profit institutions serving households are initially calculated as expenditure concept. That means that consumption expenditure is classified according to who directly incurs the spending, that is households, general government or institutions serving households. A further sub-classification is then done according to whether the consumption expenditure benefits individual households or not, thus drawing a distinction between individual and collective consumption.

Individual consumption comprises those products of which households take delivery to directly satisfy the needs and wants of members of resident households. Products for individual consumption have the following characteristics: it is possible to ascertain which household or which member of a household took delivery of the products and when; the household agreed to take delivery of the products; and the household took the measures necessary to be able to consume the products. Further, these products are made available to specific households, people or groups of people, meaning that other households or persons are unable to simultaneously take delivery of them.

Total consumption expenditure of households and that of non-profit institutions serving households is thus classed as individual consumption. All consumption expenditure of general government that can be individualised also counts towards individual consumption. It is defined in the ESA 2010 and comprises healthcare products, education and cultural services, and miscellaneous social benefits in kind.

Individual consumption contrasts with collective consumption, which comprises collective services made available simultaneously to the whole of the population or to all the members of a specific population group, for instance all the households in a specific region. Collective services are generally used passively and do not require the explicit consent or active participation of all those concerned. Finally, the provision of a collective service to one individual does not reduce the amount of that service available to the other people in the same

population group or to the entire population. One example of a collective service is expenditure on internal and external security, which benefits the entire population without requiring its explicit consent. Expenditure for collective consumption is the consumption expenditure of general government minus products that can be individualised.

↘ Table 2 shows how one gets from household expenditure based on the domestic concept to that based on the resident concept and, finally, to consumption based on the actual concept.

Table 2
Final consumption expenditure in 2019 by various definitions

	EUR bn	%
Final consumption expenditure of resident and non-resident households on the economic territory of Germany	1,705	68
+ Final consumption expenditure of resident households in the rest of the world	63	
– Final consumption expenditure of non-resident households on the economic territory	27	
= Final consumption expenditure of resident households	1,741	70
+ Final consumption expenditure of non-profit institutions serving households	53	2
= Household and non-profit institutions serving households	1,794	72
+ Individual consumption expenditure of general government	441	18
= Actual individual consumption	2,235	90
+ Collective consumption	258	10
= Final consumption expenditure	2,493	100

Household consumption expenditure accounted for 68% of annual total consumption under the domestic concept, for 70% under the resident concept. That means that shifting from the domestic to the resident concept has little impact on total consumption. The final consumption expenditure of non-profit institutions serving households accounts for quite a small share, namely 2%, of total consumption. General government services that can be individualised are, by contrast, of much greater importance: in 2019 they accounted for 18% of total consumption, meaning that individual consumption accounted for 90% and collective consumption for 10% of total consumption.

3

Private consumption expenditure in 2019

Since 2015, the private consumption expenditure (i.e. the final consumption expenditure of households plus that of non-profit institutions serving households) has made the biggest contributions to growth of price-adjusted gross domestic product. In 2019, too, economic growth was largely due to the rise in private consumption expenditure. The growth contribution amounted to 0.8 percentage points at a growth rate of price-adjusted gross domestic product of 0.6%. ↘ Table 3

Table 3
Contributions to growth of price-adjusted gross domestic product by use components

	2015	2016	2017	2018	2019
	Percentage points				
Domestic uses	+ 1.5	+ 2.8	+ 2.2	+ 2.0	+ 1.0
Household and non-profit institutions serving households	+ 1.0	+ 1.2	+ 0.7	+ 0.7	+ 0.8
General government consumption expenditure	+ 0.5	+ 0.8	+ 0.5	+ 0.3	+ 0.5
Gross fixed capital formation	+ 0.4	+ 0.8	+ 0.5	+ 0.7	+ 0.5
Changes in inventories	– 0.4	+ 0.1	+ 0.5	+ 0.3	– 0.9
Balance of exports and imports	+ 0.2	– 0.6	+ 0.3	– 0.4	– 0.4
Gross domestic product	+ 1.7	+ 2.2	+ 2.5	+ 1.5	+ 0.6

As in previous years, the continued growth in private consumption expenditure in 2019 was due to good labour market figures as well as to rising wages and salaries. This is reflected in the increase in wages and salaries of 4.4%. In addition, various fiscal policy decisions also served to stimulate consumer spending: a return to parity in the financing of additional statutory health insurance contributions means lower social contributions for households. For that reason the growth in net wages and salaries was a little higher, at +4.9%, than growth in wages and salaries. In addition, the children's allowance was increased and the 2019 reform of training assistance in Germany means that those who are in education and training now receive more state support, which has led to higher social benefits other than social transfers in kind. At +2.8%, the increase in disposable

household income was lower, though, than growth in net wages and salaries. This is due to the drop in household income from self-employment (known as mixed income) and property, which, like net wages and salaries and social benefits other than social transfers in kind, form part of disposable household income. Real disposable income is disposable household income adjusted for the increase in prices based on the price index of household final consumption expenditure. In 2019 households had 1.5 % more real disposable income. [↘ Table 4](#)

Table 4
Persons in employment, income and expenditure of households in 2019

	Change on 2018 (%)
Persons in employment	+ 0.9
Wages and salaries	+ 4.4
Net wages and salaries	+ 4.9
Social benefits other than social transfers in kind	+ 4.6
Mixed income, property income of private households	- 1.5
Disposable income of private households	+ 2.8
Price index of household and non-profit institutions serving households	+ 1.3
Disposable income of households, price-adjusted	+ 1.5
Household and non-profit institutions serving households at current prices	+ 2.9
Household and non-profit institutions serving households, price-adjusted	+ 1.6

Overall, private consumption expenditure increased by 2.9% in 2019 compared to 2018, final consumption expenditure of resident and non-resident households on the economic territory was up by 2.8%.

What did households spend more money on in 2019? The following refers to final consumption expenditure of resident and non-resident households on the economic territory. It should be borne in mind that data relating to the purposes of consumption expenditure in 2019 are by no means complete. Results for the fourth quarter in particular are largely based on estimates, which is why the annual results presented here will likely have to be revised. The change rates cited in the following still refer to results at current prices.

First, the year-on-year increase in money spent on energy for housing in 2019 was above average (+ 3.6% according to first estimates). That was above all due to the considerable increase in heating oil purchases: heating

oil prices dropped by 2.5% in 2019 compared to 2018 (consumer price index) and as a result households filled up their oil tanks and spent more money on heating oil (+13%). When it comes to gas, both quantities purchased and prices increased, meaning that nearly 5% more gas was purchased in 2019 than in 2018. Taken together, gas and heating oil purchases increased by 6.8%. [↘ Table 5](#)

Table 5
Final consumption expenditure of resident and non-resident households on the economic territory of Germany by purposes in 2019

	Change on 2018 (%)
Food and non-alcoholic beverages	+2.8
Alcoholic beverages, tobacco and narcotics	+1.4
Clothing and footwear	+2.5
Housing, water, electricity, gas and other fuels	+2.6
including: fuel oil and gas	+6.8
Furnishings, household equipment and routine household maintenance	+3.9
Health	+4.6
Transport	+3.7
including:	
Motor cars	+5.3
Fuels for personal transport equipment	-0.4
Transport services	+4.3
Communication	+0.6
Recreation and culture	+2.3
Education	+3.2
Restaurants and hotels	+4.4
Miscellaneous goods and services	+1.4
Final consumption expenditure of resident and non-resident households on the economic territory of Germany	+2.8

The rise in expenditure on healthcare, too, was above average (+4.6%). This applies both to expenditure on medication and medical devices as well as on outpatient and inpatient health services. In addition, households spent 5.3% more on motor vehicles/motorcycles, which includes mainly purchases of new and used cars. Demand for transport services (+4.3%) and services of hotels and restaurants (+4.4%) was also greater.

Nevertheless, households spent less in absolute terms on some goods compared to 2018: motor fuel prices dropped by 1.6% in 2019 and fuel quantities purchased rose only slightly, which means that, on balance, expenditure on motor fuels dropped slightly (-0.4%). According to first estimates, consumers also

bought fewer package holidays, with the bankruptcy of a large travel agency contributing to consumer reticence towards the end of 2019.

4

Household purchases of digital services abroad

Following the 2019 major revision of national accounts, household purchases of digital services abroad are now included in the calculation of final consumption expenditure of households. These purchases have gained increasing importance in recent years, but they are not generally covered by official statistical surveys and therefore need to be drawn from other sources. Household purchases of digital services are now not only incorporated into data on consumption expenditure, they are also recorded as imports. That is why such data were compiled by the Federal Statistical Office in cooperation with Deutsche Bundesbank (which is responsible for calculating the balance of payments). Various data sources other than official statistics were analysed and calculation models developed, as a result of which the following represents a kind of “report on work in progress”. Under international agreements, purchases of digital services abroad are classified as domestic household consumption expenditure for the purpose of calculating consumption expenditure, given that they are made abroad without the purchaser needing to actually travel abroad.

Purchases of digital services abroad include:

- › Gambling activities
- › Mobile applications (including games) for smartphones and tablets
- › Video games for PCs/games consoles and online/browser games
- › Video-on-demand services
- › Audio-on-demand services
- › Cloud services.

In recent years, households have spent the most on online gambling activities abroad. The First Treaty Amending the State Treaty on Gambling (Glücksspieländerungsstaatsvertrag), under which the sale of online bets and lotteries is now legal, entered into force in Germany on 1 July 2012. As a result, people can now gamble online: private sports and horse race betting, online casino games, online poker and online secondary lotteries. The State Treaty requires that an evaluation of the benefits of the Act be carried out. To that end the Land supervisory authorities responsible for games of chance draw up annual reports. Reports covering a number of years have already been published and include the gross gaming earnings of online providers abroad. Gross gaming earnings are the total amount of bets wagered minus winnings paid out to players. The gross gaming earnings of online providers abroad is recorded as consumption expenditure and imports.

Household expenditure on mobile applications for smartphones (apps) can be estimated on the basis of app store turnover. These estimates are based on a market study by the leading provider of app market data, which includes data for Germany for 2017. However, it should be remembered that app stores not only sell their own apps but also those of third providers, in which case they act as a sales platform. A distinction therefore needs to be drawn between whether a store's turnover is generated by German or by foreign app developers, since only the latter are included in the new calculations. Apps produced in Germany were already included in the domestic production and consumption expenditure concepts prior to the 2019 major revision of national accounts. Information provided by Germany's digital association (Bitkom) is used to show turnover over time.

The association of the German games industry is a source of data concerning turnover relevant to the balance of payments and consumption for video games for PCs and games consoles, as well as for online and browser games. Figures published by the association are based on a consumer panel by the Society for Consumer Research (Gesellschaft für Konsumforschung – GfK).

Expenditure on video-on-demand services encompasses the time-limited one-off rental of films, subscriptions to video streaming services and one-off purchases of films as direct downloads. The time series estimate is based

on information provided by the Society for Consumer Research on behalf of Germany’s national film promotion institution. Purchases of video-on-demand services, too, only include an estimate of purchases made from providers abroad. Account is likewise taken of the fact that films are also available in app stores. Such double counting is eliminated in the above-mentioned estimates relating to smartphone apps.

Estimates of purchases of audio downloads (music, audio books, ringtones) are based on time series from the Federal Association of the Music Industry (Bundesverband der Musikindustrie – BVMI), which are in turn based on information provided by the Society for Consumer Research. Audio-on-demand services encompass some resident but primarily non-resident providers of audio-on-demand services, which is why double counting through app stores needs to be avoided.

Finally, household purchases of cloud storage capacities abroad were also calculated. Households generally have a certain amount of storage capacity made available to them free of charge by their internet provider. Those which need more storage capacity usually have to pay for it, though. To calculate household purchases of storage capacity, a model was developed based on data collected as part of the survey of households’ use of information and communication technologies conducted by the Federal Statistical Office (Statistisches Bundesamt, 2019). In that survey, data are collected on households’ availability and use of modern information and communication technologies, especially in regard to internet and cloud users. Internet searches showed that varying amounts of storage capacity are available free of charge, depending on the provider, as well as that many internet providers are domiciled in Germany, meaning that only a small proportion of cloud users actually purchase storage capacity abroad. An internet search was also carried out to establish what users are charged for storage capacity.

Some time series relating to the purchases of digital services abroad begin in 2008, others after that, as in the case of online gambling, which begins in 2012 following the entry into force of the aforementioned legislation.

↘ Table 6

Table 6
Household purchases of digital services abroad

	EUR bn	Year-on-year change (%)
2008	0.4	.
2009	0.4	10
2010	0.6	52
2011	0.8	33
2012	1.3	57
2013	2.5	93
2014	3.1	24
2015	4.2	36
2016	4.8	15
2017	5.8	21
2018	6.6	13
2019	7.4	12

5

Consumption expenditure in the EU

This section presents a comparative analysis of consumption expenditure per capita in the 28 Member States of the European Union (EU). To that end, the absolute amount of and developments in consumption expenditure were looked at in more detail. Data are not yet available for the whole of the EU for 2019, which is why figures for 2018 were used.

Comparative analyses are easy to perform on account of efforts towards the Europe-wide harmonisation of national accounting methods and definitions. Nevertheless, account needs to be taken of national differences as regards the financing of consumption expenditure. Quite considerable differences emerge when it comes to expenditure on health and education, in particular when that spending is categorised by cost bearer (general government, households). Higher education tuition fees are one example. Students in Germany currently only have to pay a “semester contribution”, while in the United Kingdom students are required to pay a considerable share of their tuition fees. First, the individual consumption concept described in section 3 above is used for the comparison. In addition to private consumption expenditure, it also includes the individual consumption expenditure of general government, with no distinction being made between who incurs the individual consumption expenditure.

Private consumption in Germany

Further, differences in price levels need to be eliminated to permit international comparative analyses. That is why the purchasing power parities concept is applied. Purchasing power standards (PPS) are determined at European level under the Purchasing Power Parities Programme of the Statistical Office of the European Union (Eurostat). They represent a kind of artificial currency corresponding to the average purchasing power of the 28 Member States' individual national currencies. Using PPS thus permits consumption expenditure to be compared across EU Member States (Burg, 2011). In the following, individual consumption expenditure per capita for 2018, based on PPS, will first be compared across the 28 EU Member States. Next, the question of where

general government finances more or less of a share of individual consumption expenditure will be addressed.

In 2018, average individual consumption expenditure per capita in the 28 EU Member States equalled 21,780 PPS. Twelve Member States ranked higher, 16 lower than the EU average. PPS per capita ranges between 31,930 in Luxembourg and 10,720 in Bulgaria. Therefore, when normalised to EU = 100, individual consumption expenditure per capita in Luxembourg (index value: 152) is 52% higher than the EU average and nearly three times that in Bulgaria (index value: 51). Germany ranks fifth, with an index value of 116, behind the United Kingdom, Denmark and Austria, which each have an index value of 120. [↪ Table 7](#)

Table 7

Consumption expenditure per capita in the European Union countries at purchasing power standards in 2018

	Total individual consumption expenditure		Individual consumption expenditure of general government		Household and non-profit institutions serving households final consumption expenditure	
	EU-28=100	Ranking	EU-28=100	Ranking	EU-28=100	Ranking
Luxembourg	152	1	205	1	139	1
United Kingdom	120	2	100	12	125	2
Denmark	120	3	174	3	108	6
Austria	120	4	122	8	119	3
Germany	116	5	122	8	115	4
Belgium	115	6	139	5	110	5
Netherlands	115	7	165	4	103	11
Sweden	114	8	181	2	98	14
Finland	111	9	132	6	106	8
Ireland	109	10	120	10	107	7
France	105	11	124	7	101	12
Italy	100	12	82	14	104	9
EU-28	100	13	100	11	100	13
Cyprus	94	14	50	24	104	10
Spain	92	15	78	15	96	15
Lithuania	85	16	61	20	90	16
Portugal	83	17	56	21	90	17
Slovenia	81	18	75	17	82	19
Malta	78	19	85	13	77	22
Czech Republic	78	20	76	16	78	21
Greece	76	21	44	27	83	18
Slovakia	75	22	64	19	78	20
Estonia	74	23	73	18	74	24
Poland	71	24	54	23	74	23
Latvia	69	25	46	26	74	25
Romania	66	26	34	28	73	26
Croatia	63	27	49	25	66	27
Hungary	61	28	55	22	63	28
Bulgaria	51	29	32	29	55	29

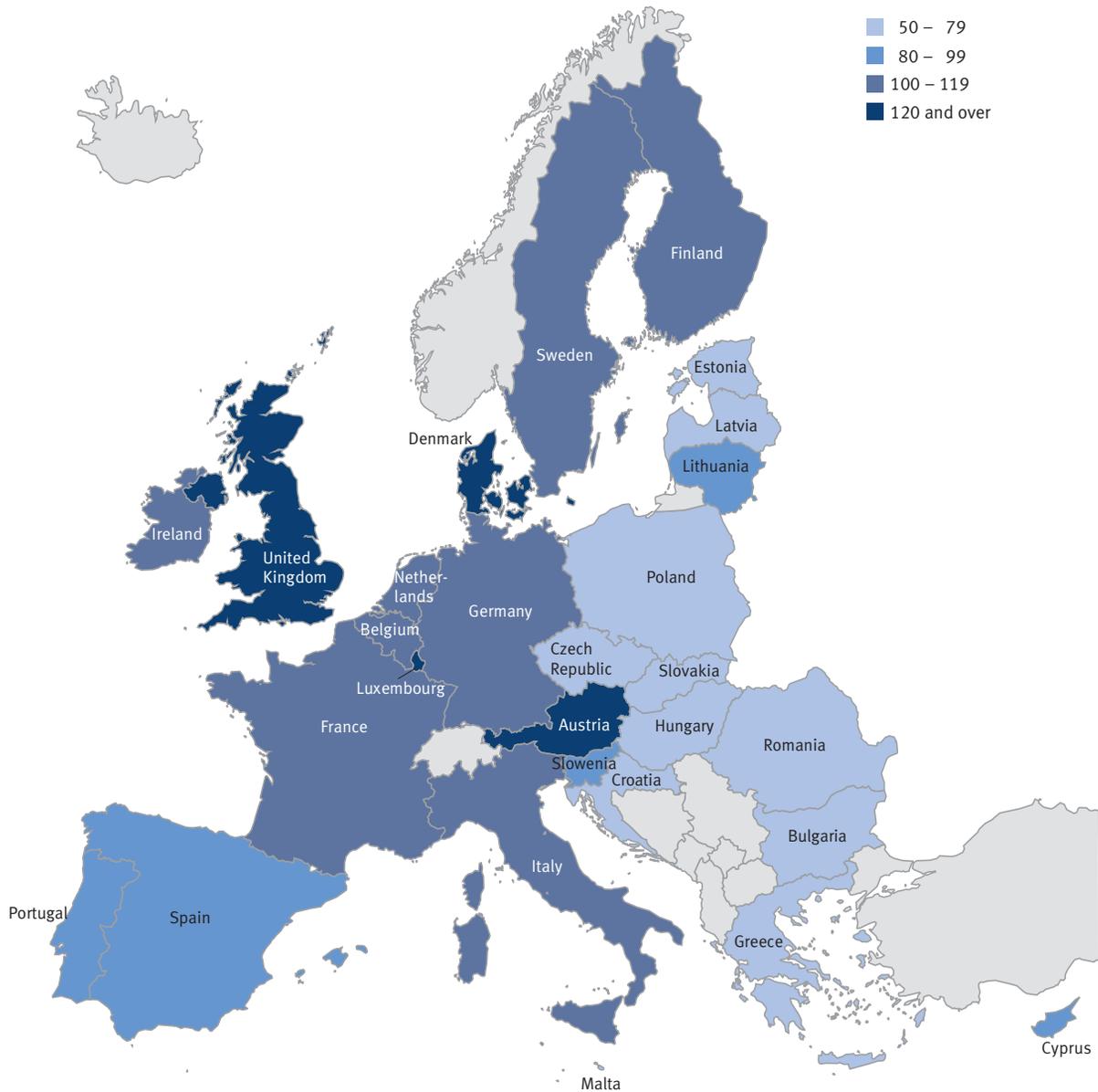
Source: Statistical Office of the European Union (Eurostat), as at: 16 December 2019; own calculations

A map showing EU countries by size class of individual consumption expenditure per capita reveals that countries in north-western Europe have the highest individual consumption expenditure per capita, while countries in

eastern Europe generally have the lowest values. Spain, Portugal and Greece, as well as all those Member States which acceded to the EU in 2004 or later fall below the EU average. [↪ Figure 2](#)

Figure 2

Total individual consumption expenditure per capita in the European Union countries at purchasing power standards in 2018
EU 28 = 100



Source: Statistical Office of the European Union (Eurostat), as at: 16 December 2019; own calculations
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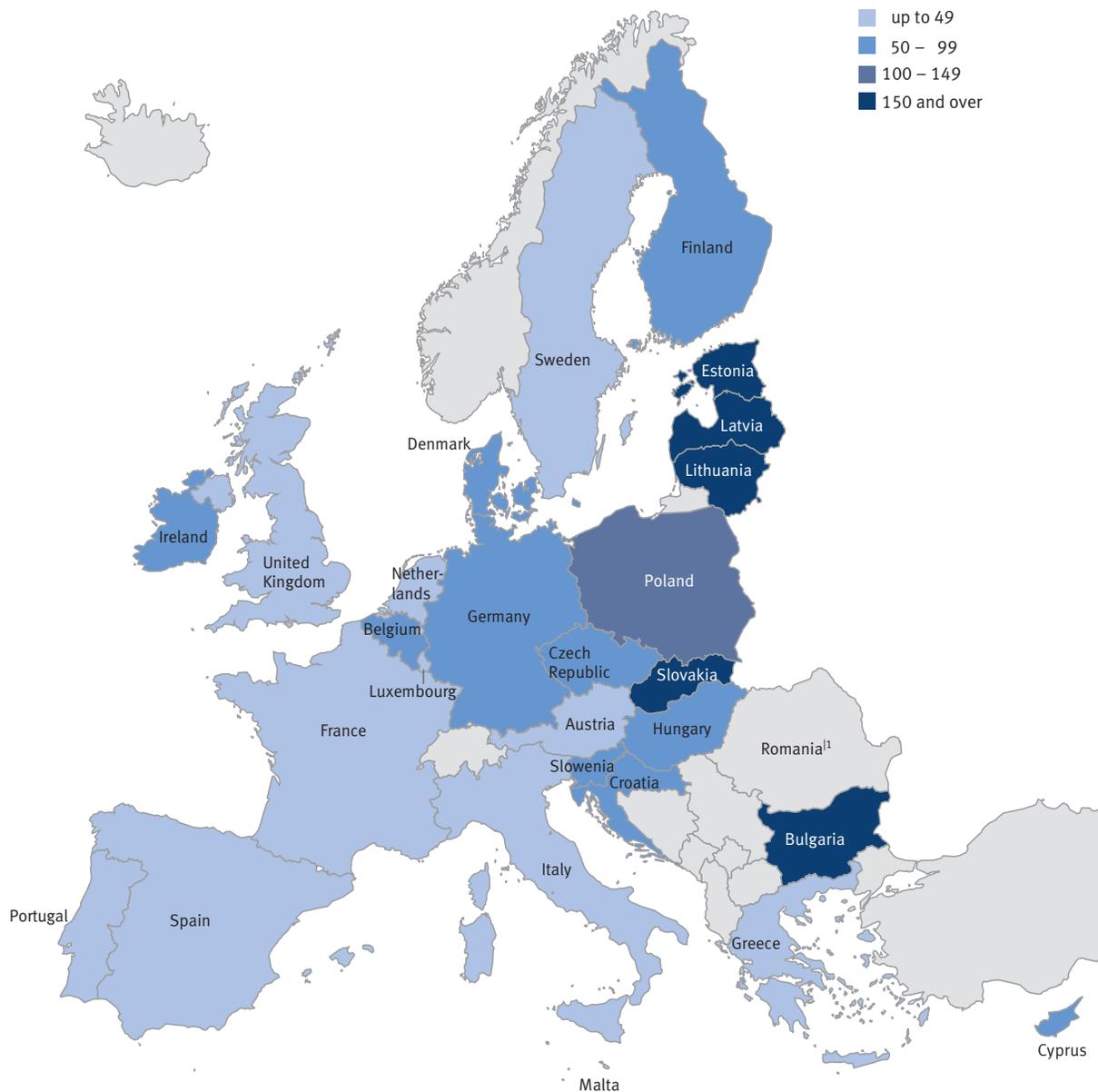
Private consumption in Germany

However, the ranking changes if one takes account of who bears the costs, general government or households (including non-profit institutions serving households) (see Table 7). It is especially in Luxembourg (index value: 205), Sweden (181) and Denmark (174)

that general government takes on considerably more than the average when it comes to financing individual consumption expenditure per capita. This includes government expenditure on healthcare goods and services, education, recreation and culture, as well as

Figure 3

Individual consumption expenditure per capita in the European Union countries at purchasing power standards 2018 compared to 2000 (%)



¹ No figures are available for Romania for 2000.

Source: Statistical Office of the European Union (Eurostat), as at: 16 December 2019; own calculations

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social security. In Germany (index value: 122), general government finances considerably less per capita than the three aforementioned countries, and also less than the Netherlands, Belgium, Finland and France. General government in Luxembourg spends more than six times per capita on individual consumption expenditure than general government in Bulgaria.

Although the United Kingdom has relatively high overall consumption expenditure per capita (index value: 120), and thus ranks second, general government financing is lower, with the United Kingdom ranking in twelfth place (index value: 100), that is the EU average. In the United Kingdom households themselves pay a large portion of their consumption expenditure. When it comes to education, for instance, they pay a large share of school and tuition fees. That means that the United Kingdom ranks first alongside Luxembourg in terms of private financing.

The picture which emerges in Sweden is the exact opposite: comparatively very high individual consumption expenditure of general government (index value 181; no. 2 in the ranking) contrasts with below-average household and non-profit institutions serving households final per capita (index value 98; no. 14 in the ranking).

Germany presents a more uniform picture than Sweden and the United Kingdom when one considers who bears the costs of consumption expenditure: Germany achieves an index value of 122 and ranks eighth when it comes to government per capita expenditure and an index value of 115, ranking fourth, when it comes to household per capita expenditure. The overall index value for individual consumption expenditure is thus 116, meaning that Germany ranks fifth.

Per capita individual consumption expenditure, in PPS, increased at very different rates across the EU countries between 2000 and 2018. The strongest growth was recorded in the three Baltic states (Lithuania, Estonia and Latvia), which joined the EU in 2004. Consumption expenditure above all rose in Lithuania (+ 217%). Data for all those countries which joined the EU in 2004 have been entered in the Eurostat database for the years prior to 2004 and were thus available for use in this comparison.¹ Greece and Italy, which registered an increase of only 23 % and 26 % respectively bring up the rear in the

ranking. Germany ranks in the middle of the table, with growth, at 50%, slightly lower than the EU average of 53%. [↪ Figure 3](#)

6

Outlook

The article set out final consumption expenditure of households as well as all other national accounts data for 2019 (as at: early January 2020). National accounts data are revised at regular intervals. Revised national accounts results will be published on the Federal Statistical Office's website in late February 2020. National accounts data on the Member States of the European Union will also be revised in the Eurostat database in line with the ESA transmission programme and results for reference year 2019 added. [!!!](#)

¹ Romania was not included in the comparison, as no figures were available for 2000.

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Abbreviations

WISTA	=	Wirtschaft und Statistik
JD	=	annual average
D	=	average (for values which cannot be added up)
Vj	=	quarter of a year
Hj	=	half-year
a. n. g.	=	not elsewhere classified
o. a. S.	=	no main economic activity
St	=	piece
Mill.	=	million
Mrd.	=	billion

Explanation of symbols

–	=	no figures or magnitude zero
0	=	less than half of 1 in the last digit occupied, but more than zero
.	=	numerical value unknown or not to be disclosed
...	=	data will be available later
X	=	cell blocked for logical reasons
I or —	=	fundamental change within a series affecting comparisons over time
/	=	no data because the numerical value is not sufficiently reliable
()	=	limited informational value because numerical value is of limited statistical reliability