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World Food Expenditures

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How much of their income consumers spend for food is a leading barometer of how well off they are. The less money people spend on food, the more money is available for items other than basic necessities. It is no wonder, then, that countries often use food consumption expenditures as a measure of consumer well-being and relative "success" (see box).

Given this connection, Americans fare very well, the best in the world, in fact. In 1986, the latest year for which comparable information is available, Americans spent only 10.4 percent of their personal consumption expenditures for food to be eaten at home (table 1). This compares with 11.5 percent for Canada, 13.7 percent for the United Kingdom, and 14.4 percent for the Netherlands.

In less developed countries, such as the Sudan, India, and the Philippines, at-home food expenditures often account for more than 50 percent of a household's budget. Food expenditures of 40 percent are not unusual for Central and South American nations.

Why do Americans enjoy such a comparative advantage? It is mostly because U.S. consumers have larger incomes. In the developed world where incomes are higher, people spend a smaller portion of their expenditures for food than consumers in less developed countries.

What Influences Spending

Americans do not have the highest per capita income—the Swiss do—yet we spend the least on food. Other factors besides income influence food expenditures in developed nations. The kind and variety of foods available within a country's boundaries affect food spend-

Understanding the Data

Total personal consumption expenditures reflect individuals' spending on goods and services in the domestic marketplace. Disposable personal income, on the other hand, includes both personal consumption expenditures and personal savings.

Total personal consumption expenditures are used as the basis of comparison in this article because personal savings is seldom

reported in the United Nations (UN) System of National Accounts. This system, which is the data base for most of the numbers given here, includes a category for food, beverage, and tobacco expenditures. Away-from-home spending data come from the UN category "Expenditures in restaurants, cafes, and hotels." Data for the USSR, Eastern Europe, and China are collected from the statistical yearbooks of those countries and interpreted by ERS.

Table 1. In 1986, U.S. Consumers Spent Less Than People in Other Countries for Food Eaten At Home

Country	Percent of total personal consumption expenditures ¹				Food, beverages, and tobacco	Total personal consumption expenditures ²
	Food	Nonalcoholic beverages	Alcoholic beverages	Tobacco		
			<i>Percent</i>			<i>Dollars per person</i>
Sudan ⁴	62.9	0.6	0	1.2	64.7	348
Sierra Leone ³	57.9	1.8	3.8	1.9	65.4	285
India	53.3	0.9	1.5	1.9	57.5	198
Philippines	51.5	0.8	1.7	2.0	56.0	389
China	47.8	na	5.7	na	53.5	na
Iran	45.0	0.4	1.0	3.0	49.4	2,056
Sri Lanka	43.8	0.5	2.7	6.0	53.0	288
Venezuela	42.0	1.9	7.6	1.4	52.9	1,876
Honduras	41.3	1.1	2.1	0.6	45.1	582
Jamaica	38.6	1.7	4.1	5.4	49.8	663
Jordan ³	37.2	1.3	0	1.9	40.3	1,400
Korea	36.3	0.9	3.3	3.2	43.7	1,277
Thailand	35.7	2.4	4.2	2.6	44.9	513
Greece	34.6	1.4	2.7	3.0	41.8	2,649
Portugal ⁵	32.9	0.3	2.6	2.0	37.8	1,716
Mexico ⁶	31.9	1.2	2.2	1.5	36.7	1,340
Ecuador	31.3	1.9	2.8	1.7	37.6	781
Colombia ⁴	31.0	1.1	3.6	1.2	36.8	995
Cyprus ³	30.2	2.0	2.7	2.3	37.2	2,315
Malta	28.3	3.9	4.7	3.7	40.5	2,425
USSR	28.0	na	10.0	2.0	40.0	na
South Africa	27.6	1.5	4.6	2.3	36.0	988
Israel	26.8	1.8	0.6	1.5	30.5	4,081
Spain	26.2	0.4	1.1	1.5	29.2	3,755
Fiji ³	25.2	2.0	3.4	2.2	32.8	1,037
Ireland ³	24.8	1.5	12.3	5.1	43.7	2,983

Cont.

¹The authors are agricultural economists with the Agricultural and Trade Indicators Branch and the Centrally Planned Economies Branch, respectively, Agriculture and Trade Analysis Division.

Table 1. In 1986, U.S. Consumers Spent Less Than People in Other Countries for Food Eaten At Home, Cont.

Country	Percent of total personal consumption expenditures ¹				Food, beverages, and tobacco	Total personal consumption expenditures ²
	Food	Nonalcoholic beverages	Alcoholic beverages	Tobacco		
			<i>Percent</i>			<i>Dollars per person</i>
Puerto Rico	23.4	0	3.8	1.9	29.1	4,928
Italy	21.5	0.3	1.3	1.8	25.0	6,361
Singapore	21.1	1.7	2.4	3.0	28.2	3,213
Switzerland	20.2	1.2	4.1	2.1	27.6	12,341
Iceland ⁴	19.5	2.4	2.2	1.9	26.0	6,738
Norway	18.9	1.0	2.9	2.1	25.0	9,082
Finland	18.8	0.5	4.0	2.1	25.4	7,534
Japan	18.8	0.6	1.2	1.2	21.8	9,235
Sweden	17.9	0.4	3.4	1.9	23.6	7,989
Belgium	17.7	0.5	1.4	1.7	21.3	5,803
Austria	17.5	0.7	2.5	2.5	23.2	6,944
France	16.8	0.5	2.1	1.1	20.5	7,904
West Germany	16.8	0.6	3.1	2.1	22.6	8,042
Hong Kong	16.5	0.8	1.2	0.9	19.4	4,190
Denmark	16.4	0.6	3.5	3.0	23.5	8,653
Australia	15.5	0.3	4.8	1.9	22.5	6,479
Luxembourg ³	15.5	0.6	1.6	6.7	24.3	5,546
Netherlands	14.4	0.5	1.9	1.8	18.7	7,151
United Kingdom	13.7	0.6	1.9	2.8	19.0	5,830
Canada	11.5	0.6	3.0	2.2	17.3	8,280
United States	10.4	0.6	1.3	1.2	13.6	11,500

¹Percent of total personal consumption expenditures spent for food that was consumed at home. Distribution among the food, nonalcoholic beverages, alcoholic beverages, and tobacco subcategories has been estimated for some countries. 1986 data, unless otherwise noted. ²Consumer expenditures on goods and services. ³1985. ⁴1983. ⁵1981. ⁶1984.

Source: United Nations System of National Accounts.

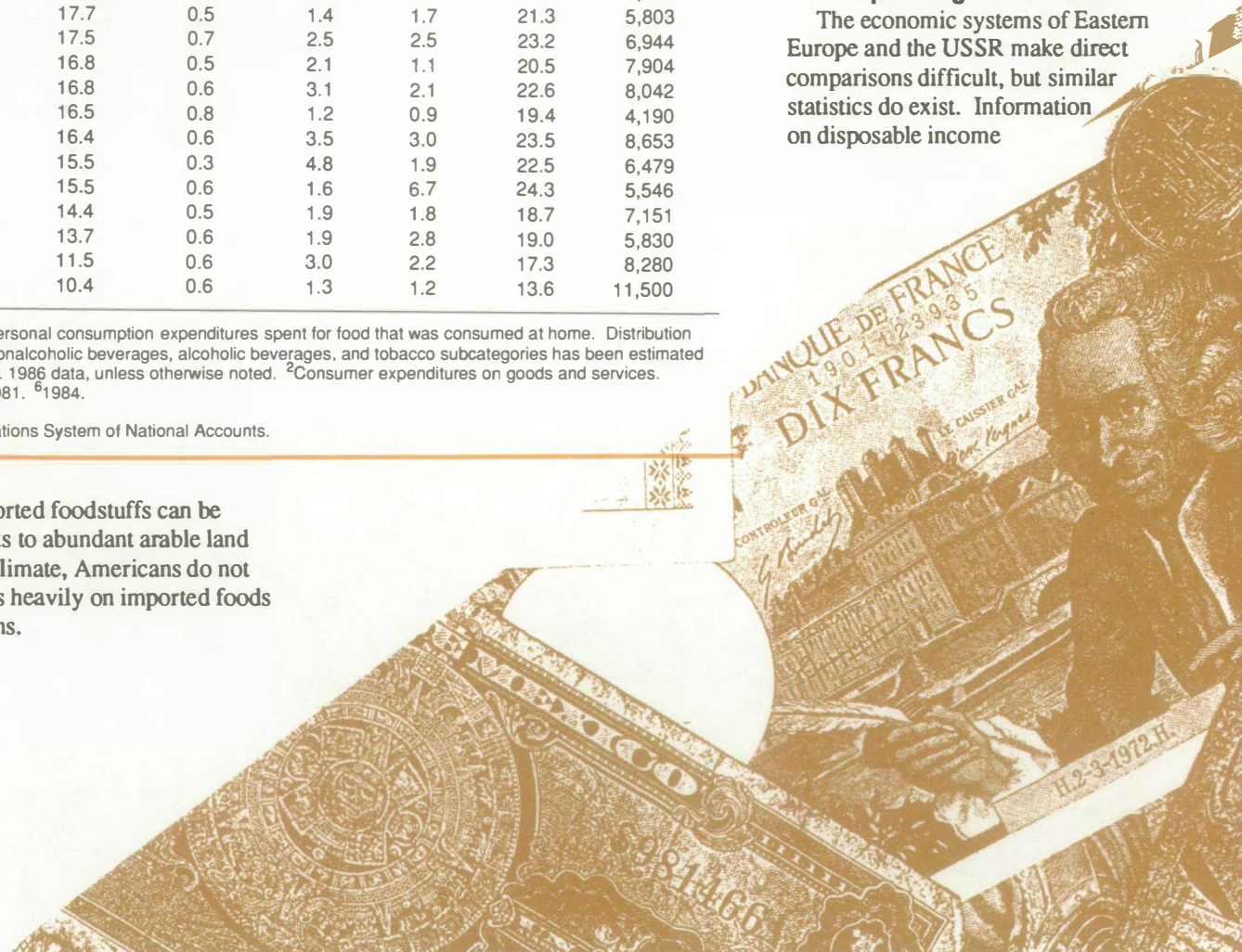
ing since imported foodstuffs can be costly. Thanks to abundant arable land and a varied climate, Americans do not have to rely as heavily on imported foods as other nations.

A country's food marketing and distribution system can also affect food costs. The American farm-to-consumer distribution system is highly successful at moving large amounts of perishable food over long distances with a minimum of spoilage or delay.

Productivity also comes into play. American farmers have a tremendous wealth of agricultural information and state-of-the-art farming equipment at their disposal, allowing them to produce food efficiently. All of these factors enable the American food system to efficiently grow a wide variety of foods and deliver them to the consumer.

Food Spending in the Eastern Bloc

The economic systems of Eastern Europe and the USSR make direct comparisons difficult, but similar statistics do exist. Information on disposable income



is available for seven of these countries. (Disposable income includes savings, while personal consumption expenditures do not.) In general, households in the Eastern Bloc spend a higher percentage of their income on food than those in developed countries, and often as much as households in developing nations.

Most Eastern Bloc countries break out expenditures by type of worker. In 1986, collective farmers in Bulgaria, Hungary, and the Soviet Union spent more of their incomes on food than other nonfarm workers (*table 2*). This reflects the fact that industrial workers and professionals generally earn higher incomes, and therefore are able to spend a smaller percentage on food.

For most consumers, however, income is not the controlling factor in determining how much is spent on food. Many items are simply unavailable. In the USSR, Poland, and Romania, food shortages are common. In the rest of Eastern Europe, the quantity of food is usually sufficient to meet consumer demand.

All of these countries try to cover shortfalls through imports, especially of grains, oilseeds, oilseed meal, and meat. But they often lack enough hard currency or buying power. So while Soviet or East European consumers may have no difficulty in obtaining cabbage, which is grown abundantly throughout the region, they may not be able to find sugar, which must be imported.

One reason for the shortages is an inefficient production system, which cannot keep pace with consumer purchases. Eastern Bloc countries also keep food

Table 2. In 1986, Collective Farmers Sometimes Spent More on Food and Beverages Than Their Nonfarm Counterparts

Country	Expenditures as a percent of household disposable income
Bulgaria	
Industrial workers	41
Professionals	39
Collective farmers	44
Czechoslovakia	
Industrial workers	26
Professionals	24
Collective farmers	25
East Germany	
Industrial workers and professionals	33
Collective farmers	31
Hungary	
Industrial workers	42
Professionals	27
Collective farmers	47
Poland	
Industrial workers and professionals	38
Peasants ¹	36
Yugoslavia	40
USSR	
All workers	28
Collective farmers	32

¹Includes collective and private farmers.

Source: Statistical yearbooks of the respective countries.

prices artificially low using government subsidies. This results in excess consumer demand, which contributes to the shortages.

What is amply available, however, is vodka. It is estimated that Soviets spend at least 10 percent of their incomes on alcoholic beverages. In 1986, only Ireland reported a higher figure. Recently, the USSR has been trying to ration alcoholic beverages to cut down on alcoholism.

Historical Comparisons

U.S. consumers have historically been able to purchase the foods they wanted, and at reasonable prices. At-home food spending, as a percentage of expenditures, have been decreasing for quite some time. In 1970, Americans spent 14.3 percent of their budgets on food to be eaten at home, compared with 10.4 percent in 1986. Most countries have experienced similar declines since 1970 (*table 3*).

Many nations, including the United States, have become more efficient in producing and distributing food. This trend has even reached the Third World. At-home food expenditures in India dropped from 63 percent of household spending in 1970 to 53.3 percent in 1986. Spending in Jamaica fell from 46.5 to 38.6 percent during the same period.

But a few countries have not seen a decline in their at-home food expenditures, which is usually a sign of an economy in turmoil. For instance, South Africa saw spending increase from 23.2 percent in 1970 to 27.6 percent in 1986.

Table 3. At-Home Food Expenditures Have Been Declining in Much of the World

Country	Percent of personal consumption expenditures		Country	Percent of personal consumption expenditures	
	1970	1986		1970	1986
Australia	18.3	15.5	Luxembourg	23.8	15.5 ³
Austria	26.1	17.5	Malta	31.7	28.3
Belgium	24.1	17.7	Mexico	34.9	31.9 ⁴
Canada	15.1	11.5	Netherlands	22.0	14.4
Colombia	33.4	31.0 ¹	Norway	24.4	18.9
Cyprus	34.9 ²	30.2 ³	Philippines	51.9	51.5
Denmark	20.6	16.4	Portugal	41.7	32.9 ⁵
Ecuador	38.0	31.3	Puerto Rico	23.3	23.4
Fiji	24.0	25.2 ³	Singapore	27.7	21.1
Finland	24.0	18.8	South Africa	23.2	27.6
France	22.0	16.8	Spain	33.2	26.2
Greece	35.5	34.6	Sri Lanka	54.2	43.8
Honduras	40.8	41.3	Sudan	70.1	62.9 ¹
Hong Kong	31.2	16.5	Sweden	20.8	17.9
India	63.0	53.3	Switzerland	21.8	20.2
Ireland	27.2	24.8 ³	Thailand	46.4	35.7
Israel	23.6	26.8	United Kingdom	19.5	13.7
Italy	32.2	21.5	United States	14.3	10.4
Jamaica	46.5	38.6	USSR	35.0 ⁶	28.0
Japan	26.4	18.8	Venezuela	31.1	42.0
Jordan	50.0	37.2 ³	West Germany	22.0	16.8
South Korea	47.4	36.3			

¹1983. ²1972. ³1985. ⁴1980. ⁵1981. ⁶1975.

Source: United Nations System of National Accounts.

Israel's food expenditures rose from 23.6 to 26.8 percent. Venezuela experienced the most dramatic gains, from 31.1 to 42.0 percent.

Eating Out

Do Americans spend more or less than other nationalities for food eaten away from home? For the 30 countries for which data are available, Americans rank about average as away-from-home food spenders. In 1986, Americans spent about 6.1 percent of personal expenditures in restaurants, cafes, and hotels.

India's consumers spent the least, 1 percent, and Jamaicans the most, 15.7 percent (*table 4*).

Some developed nations spent less than the United States on eating out—Sweden, Norway, Denmark, and the Netherlands were among them—and a few spent more—Canada, France, Belgium, Austria, and the United Kingdom, for instance. Most people in countries like India and Sri Lanka probably do not have the incomes to eat out.

Americans also fare relatively well in terms of variety and value of away-from-

home foods, given the assortment and abundance of restaurants, the shift in eating habits from home cooked to convenience and fast foods, and the diversity of food grown domestically. So, whether we eat out or at home, when we sit down at the table, we get a lot for our money. ■

Table 4. Americans Ranked About Average In Away-From-Home Food Expenditures in 1986¹

Country	Percent of personal consumption expenditures
Jamaica	15.7
Malta	14.0
Cyprus ²	13.6
United Kingdom	11.7
Austria	11.5
Italy	9.8
Colombia ³	9.6
Zimbabwe ²	9.5
Portugal ⁴	9.4
Belgium	7.8
Singapore	7.7
Finland	7.2
Thailand	6.7
France	6.6
Canada	6.5
Greece	6.2
United States	6.1
Iceland ³	5.3
Denmark	5.0
Netherlands	4.8
Norway	4.2
Ecuador	3.6
Israel	3.5
Puerto Rico	3.4
Sweden	3.1
South Africa	2.3
Ireland ²	1.6
Sri Lanka	1.3
India	1.0

¹Away-from-home expenditures defined as spending in restaurants, cafes, and hotels. ²1985. ³1983. ⁴1981.

Source: United Nations System of National Accounts.