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Food Spending and Income

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Americans spent \$434 billion (seasonally adjusted at an annual rate) for food in the first quarter of 1986, 5.2 percent more than a year earlier (*table 1*). Spending rose because of price increases, shifts to more expensive foods, added services, and larger purchases. After adjusting for inflation, food expenditures were up 3.6 percent from the first quarter of 1985.

Expenditures for food away from home continued to increase at a faster rate than for food at home. In the first quarter of 1986, spending for eating out was 6.2 percent above a year earlier, while outlays for food at home were up 4.8 percent. However, adjusted for price increases, which have been greater for restaurant meals, the rise in food spending away from home was only 2.3 percent, compared with 4.1 percent for food at home. The rise in real (inflation adjusted) spending for food at home was larger than recent years, partly because of increased spending for high-value prepared foods. These foods are being purchased in increasing quantities from the delicatessen, bakery, and frozen food departments of grocery stores.

Food's Share of Income Remains Stable

Although food expenditures increased, they continued to account for 15 percent of disposable personal income. The 5.6-percent rise in personal income, to \$2,893 billion in the first quarter of 1986, was less than previous years, reflecting slower economic growth.

While the share of income spent on food recently has been stable, the portion of income spent on food has declined over the long term. Americans spent 16.5 percent of

Table 1. Food Expenditures Continue To Rise, But So Does Income

	Personal consumption expenditures for food ¹			Disposable personal income ¹
	At home	Away from home	Total	
<i>Billion dollars</i>				
1985				
I	285.2	126.9	412.1	2,739.2
II	288.8	129.4	418.2	2,817.7
IV	291.9	130.0	421.9	2,800.2
IV	296.5	131.7	428.2	2,845.9
1986				
I	299.0	134.7	433.7	2,893.4

¹Seasonally adjusted at an annual rate.



their income on food 10 years ago and 20 percent 25 years ago (*table 2*). All of the decline occurred in spending for food at home, which dropped from 12.3 percent of disposable personal income in 1975 to 10.4 percent in 1985. At the same time, expenditures on food away from home rose from 4.2 to 4.6 percent.

Americans have spent less of their incomes on food and more on some other items. Outlays for services have risen considerably. They now absorb about 47 percent of disposable personal income, compared with 40 percent 10 years ago. Medical care and housing have grown significantly in the past 10 years. The portion of income spent on housing rose from 13 percent in 1975 to 14.4 percent last year. Medical care now takes 10 percent of personal income, up from 7.4 percent in 1975. Expenditures on recreation rose from 2.2 to 2.5 percent, and spending for personal business services, such as banking and legal services, grew to 5.7 percent, up from 4.6 percent. □

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Table 2. Share of Income Spent for Food Shows Long-Term Decline¹

Year	Disposable personal income	Personal consumption expenditures for food			Proportion of income spent for food		
		At home ²	Away from home ³	Total	At home ²	Away from home ³	Total
				<i>Billion dollars</i>			
					<i>Percent</i>		
1950	207.5	36.6	9.4	46.0	17.6	4.5	22.2
1951	227.6	41.1	11.0	52.1	18.1	4.8	22.9
1952	239.8	43.1	11.6	54.7	18.0	4.8	22.8
1953	255.1	43.8	11.7	55.5	17.2	4.6	21.8
1954	260.5	45.0	11.5	56.5	17.3	4.4	21.7
1955	278.8	46.4	11.7	58.1	16.6	4.2	20.8
1956	297.5	48.3	12.1	60.4	16.2	4.1	20.3
1957	313.9	51.3	12.6	63.9	16.3	4.0	20.4
1958	324.9	53.9	12.7	66.6	16.6	3.9	20.5
1959	344.6	55.7	14.4	70.1	16.2	4.2	20.3
1960	358.9	56.6	15.2	71.8	15.8	4.2	20.0
1961	373.8	57.7	16.0	73.7	15.4	4.3	19.7
1962	396.2	58.2	17.1	75.3	14.7	4.3	19.0
1963	415.8	59.2	18.0	77.2	14.2	4.3	18.6
1964	451.4	62.7	19.1	81.8	13.9	4.2	18.1
1965	486.8	67.3	20.2	87.5	13.8	4.1	18.0
1966	525.9	73.2	21.5	94.7	13.9	4.1	18.0
1967	562.1	74.9	22.4	97.3	13.3	4.0	17.3
1968	609.6	80.3	24.9	105.2	13.2	4.1	17.3
1969	656.7	85.8	27.0	112.8	13.1	4.1	17.2
1970	715.6	92.9	29.6	122.5	13.0	4.1	17.1
1971	776.8	95.2	31.0	126.2	12.3	4.0	16.2
1972	839.6	101.5	34.0	135.5	12.1	4.0	16.1
1973	949.8	113.2	38.0	151.2	11.9	4.0	15.9
1974	1038.4	128.4	42.7	171.1	12.4	4.1	16.5
1975	1142.8	140.6	48.5	189.1	12.3	4.2	16.5
1976	1252.6	150.6	54.0	204.6	12.0	4.3	16.3
1977	1379.3	161.7	60.0	221.7	11.7	4.4	16.1
1978	1551.2	176.1	69.3	245.4	11.4	4.5	15.8
1979	1729.3	195.8	80.3	276.1	11.3	4.6	16.0
1980	1918.0	214.2	89.2	303.4	11.2	4.7	15.8
1981	2127.6	232.8	95.3	328.1	10.9	4.5	15.4
1982	2261.4	247.7	101.6	349.3	11.0	4.5	15.4
1983	2425.4	258.0	111.7	369.7	10.6	4.6	15.2
1984	2670.2	277.0	121.6	398.6	10.4	4.6	14.9
1985	2801.1	290.6	129.7	420.3	10.4	4.6	15.0

¹Series revised by Department of Commerce back to 1929. ²Includes food purchases for off-premise consumption and food consumed on farms where produced. ³Includes purchased meals and beverages, excluding alcohol, and food furnished to the military and employees of hospitals.

Source: Department of Commerce, Bureau of Economic Analysis. Percentages compiled by USDA.