

14. Disposable income

- In 2012, many households (in 12 out of 22 countries), particularly in the euro area, saw declines in their real net adjusted disposable income. Income fell by -1.4% in the euro area (double the drop in GDP). The largest decline occurred in Greece (-10.2%). In contrast, four countries recorded an increase in real household net adjusted disposable income above 2%: Norway (3.0%), Luxembourg (2.7%), Sweden (2.4%), and the United States (2.1%).
- Figure 14.3 presents real GDP and household net adjusted disposable income for the euro area, the United States, Japan and Canada. As the figures show, the trends in the two statistics differ most significantly in the years around the 2008 financial crisis where active intervention by governments served to moderate the impact of the crisis on household disposable income.

Disposable income, as a concept, is closer to the concept of income generally understood, than either national income or GDP. At the total economy level it differs from national income in that additional income items are included, mainly other current transfers such as remittances. For countries where these additional items form significant sources of income the importance of focusing on disposable income in formulating policy is clear. Another important difference between national income and disposable income concerns the allocation of income across sectors. At this level significant differences arise, reflecting the reallocation of national income. Disposable income can be seen as the maximum amount that a unit can afford to spend on consumption goods or services without having to reduce its financial or non-financial assets or by increasing its liabilities.

A better mechanism for international comparisons when focusing on households' "income" is adjusted disposable income because it takes into account transfers in-kind such as government provided education and health.

Definition

Household disposable income is the sum of wages and salaries, mixed income, net property income, net current transfers and social benefits other than social transfers in kind, less taxes on income and wealth and social security contributions paid by employees (including social contributions payable by employers), the self-employed, and the unemployed. Household adjusted disposable income additionally reallocates "income" from government and NPISHs to households to reflect social transfers in kind. These transfers reflect expenditures made by government or NPISHs on individual goods and services, such as health and education, on behalf of an individual household.

Table 14.1 shows household gross adjusted disposable income per capita. Table 14.2 shows annual growth in household net (adjusted) disposable income in real terms

(with nominal values deflated by the total household final consumption deflator). Figure 14.3 shows indexed to 2001 growth for GDP and growth in adjusted disposable income, both in real terms (with nominal values deflated by the GDP deflator and actual individual consumption deflator respectively) for euro area, the United States, Japan, and Canada.

Comparability

Comparability is good but there are practical difficulties in the measurement of the additional income components, such as remittances, that make up the difference between GDP and disposable income (including adjusted). It is for that reason that GDP per capita is the most widely used indicator of income or welfare, even though it is theoretically inferior, in that context, to measures of disposable income.

Both measures of disposable income include the payments of pension contributions to pension schemes and to social security and the receipts of pensions from pension schemes and social security. The SNA prescribes this treatment as it aligns better with the individual's concept of income and comes despite the fact that payments of pension contributions into the schemes and the receipts of pensions by pensioners constitute the acquisition and disposal of financial assets (see also Section 16). Not all countries however include these particular flows into and out of pension schemes as parts of disposable income and so comparability at the sectorial level is affected, albeit only marginally.

Source

OECD (2013), *National Accounts of OECD Countries*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/2221433x>.

Online database

OECD (2013), "Detailed National Accounts: Non-financial accounts by sectors, annual", *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00034-en>.

Further reading

Fesseau, M. and M.L. Mattonetti (2013), "Distributional Measures Across Household Groups in a National Accounts Framework: Results from an Experimental Cross-country Exercise on Household Income, Consumption and Saving", *OECD Statistics Working Papers*, No. 2013/04, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3wdjq775f-en>.

Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264027657-en>.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Table 14.1. Household gross adjusted disposable income per capita

US dollars at current PPPs

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	19 773	21 400	22 243	23 285	23 937	25 538	25 912	27 079	28 677	30 079	29 923	31 222	..	..
Austria	20 270	22 184	22 019	23 505	24 138	25 308	25 704	27 430	28 300	29 317	29 261	30 155	30 743	31 588
Belgium	19 375	21 847	22 778	24 295	23 647	24 407	24 160	25 137	26 200	27 469	27 833	28 219	29 260	30 161
Canada	19 718	20 890	21 735	22 169	22 770	24 042	24 977	25 929	27 370	28 226	28 057	29 183	..	..
Chile	..	..	..	..	..	..	..	..	..	10 597	11 126	11 883	13 762	..
Czech Republic	10 871	11 742	12 695	13 361	13 851	14 601	14 999	15 872	16 921	16 645	17 487	17 762	18 017	18 516
Denmark	17 389	18 514	19 088	20 762	20 199	21 194	20 988	22 349	23 392	24 466	25 057	26 334	26 490	..
Estonia	6 600	7 574	7 968	9 058	9 534	10 035	10 712	11 772	13 247	14 169	13 795	14 047	15 076	14 911
Finland	15 421	16 854	17 447	18 933	19 314	20 820	21 114	22 355	24 284	26 087	26 551	27 610	28 598	29 479
France	19 230	21 319	22 796	24 768	23 852	24 807	25 116	26 057	27 437	28 348	28 598	29 476	30 323	30 811
Germany	20 381	21 433	22 252	23 307	24 092	24 882	26 084	27 101	28 044	29 269	29 072	30 972	32 617	33 406
Greece	..	..	..	..	..	..	19 553	21 047	22 845	23 682	23 471	21 920	20 464	19 224
Hungary	9 039	9 759	10 650	11 966	12 273	12 924	13 306	13 885	13 876	14 309	14 439	14 979	16 002	15 898
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	..	..	..	19 450	20 310	21 591	22 916	23 779	25 039	25 556	25 146	25 278	24 760	24 709
Israel	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Italy	18 988	20 382	22 171	22 145	22 273	22 599	22 909	24 039	25 093	26 329	25 489	26 454	26 529	26 105
Japan	..	..	18 757	19 826	20 487	21 295	22 382	23 028	23 891	24 275	24 564	25 612	26 536	..
Korea	11 321	11 737	11 992	12 654	13 269	14 237	14 749	15 473	16 269	16 860	17 135	18 100	18 817	19 483
Luxembourg	..	..	..	..	..	..	..	34 255	35 190	37 275	37 012	37 151	37 637	38 490
Mexico	..	..	..	..	9 118	9 636	10 239	11 110	11 718	12 256	11 437	12 027	12 983 e	..
Netherlands	18 386	20 495	21 985	23 523	22 374	23 187	23 468	25 121	26 734	27 445	27 065	26 729	27 193	27 238
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	19 139	20 833	21 297	23 737	25 072	26 495	27 665	27 143	29 408	30 741	31 540	32 563	33 562	35 358
Poland	8 593	9 277	9 800	10 368	10 419	10 816	11 024	11 791	13 108	13 989	14 740	15 866	16 559	17 306
Portugal	13 136	14 487	15 093	15 816	16 024	16 633	17 685	18 282	18 925	19 772	20 007	20 673	20 256	20 369
Slovak Republic	8 241	8 810	9 718	10 700	10 438	10 975	11 856	12 704	14 590	16 120	16 461	17 729	18 072	18 348
Slovenia	12 949	14 220	15 029	16 403	16 243	17 126	17 723	18 630	19 526	20 537	19 862	20 239	20 967	20 785
Spain	..	17 005	18 034	19 788	19 865	20 648	21 345	22 577	23 373	24 745	24 798	24 092	24 078	23 770
Sweden	16 886	18 683	19 877	21 476	21 663	22 275	22 182	23 438	25 316	26 791	26 827	27 050	28 221	29 402
Switzerland	21 176	22 664	23 535	24 758	24 011	25 061	25 272	26 668	29 051	30 495	30 635	31 484	32 594	..
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	18 771	21 084	22 581	23 993	24 313	26 065	26 391	27 728	27 688	27 620	27 872	26 932	26 899	27 517
United States	26 995 e	28 704 e	29 862 e	30 989 e	32 261 e	33 923 e	35 172 e	37 170 e	38 489 e	39 941 e	39 461 e	40 204 e	41 674 e	42 920 e
Euro area	18 212 e	19 765 e	20 955 e	22 170 e	22 192 e	22 948 e	23 576 e	24 666 e	25 776 e	26 884 e	26 719 e	27 460 e	28 068 e	28 286 e
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	..	6 615	7 079	7 917	8 818	10 679	12 352	14 365	14 522	15 829	17 328	..
South Africa	4 428	4 566	4 685	4 823	5 068	5 420	5 746	6 124	6 492	6 526	6 704	6 836	7 327	..


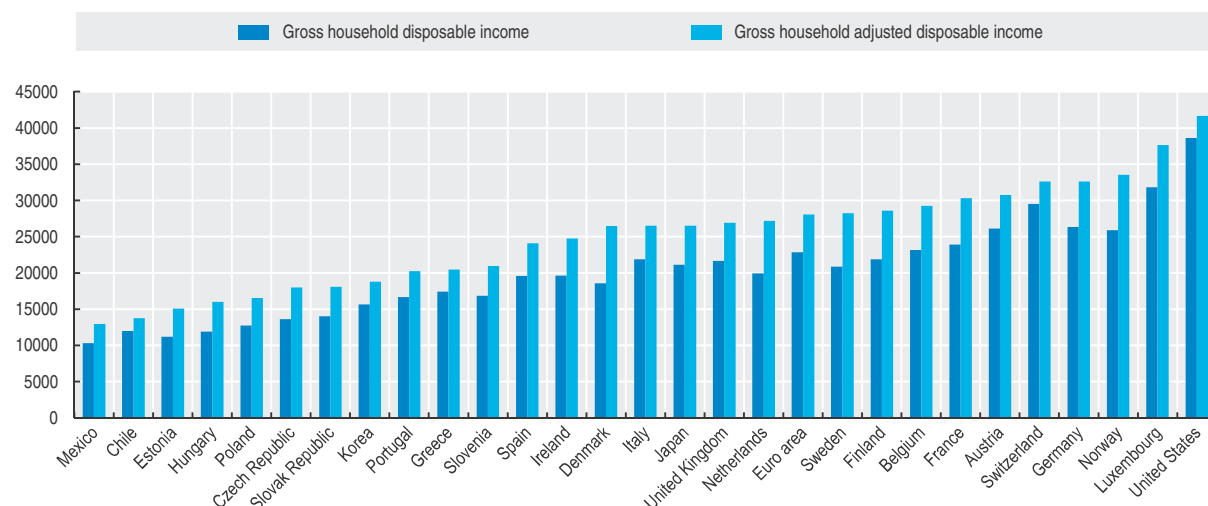
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Figure 14.1. Gross (adjusted) disposable income of households per capita

US dollars at current PPPs, 2011

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14. Disposable income

Table 14.2. **Real household net (adjusted) disposable income**
Annual growth rates in percentage

	Net							Net adjusted						
	2006	2007	2008	2009	2010	2011	2012	2006	2007	2008	2009	2010	2011	2012
Australia	6.1	5.6	7.1	1.3	4.3	..	..	5.6	5.3	6.8	1.4	4.0	..	..
Austria	2.7	2.6	0.7	0.1	-0.5	-1.3	1.1	2.8	2.7	1.1	0.2	-0.3	-0.9	1.0
Belgium	2.7	2.2	2.1	2.6	-1.3	-1.1	1.1	2.5	2.1	2.1	2.4	-0.8	-0.7	1.3
Canada	5.7	3.8	4.2	1.1	3.5	..	..	5.1	3.7	4.1	1.4	3.3	..	..
Chile	..	..	..	6.4	6.4	9.2	..	..	..	..	..	..	..	..
Czech Republic	5.6	3.8	2.1	2.7	0.4	-0.6	-1.3	4.4	3.3	1.8	2.9	0.4	-0.9	-1.2
Denmark	1.8	0.1	-0.2	0.0	3.6	0.9	..	2.1	0.7	0.8	0.8	2.8	0.1	..
Estonia	10.8	11.8	-0.1	-5.5	-1.9	4.8	-3.8	10.3	10.9	0.6	-4.7	-1.9	4.3	-2.8
Finland	2.7	3.6	2.4	1.9	2.8	0.4	0.0	2.2	3.1	2.2	1.4	2.0	0.2	0.1
France	2.4	3.0	0.2	1.2	1.0	0.5	-0.7	2.2	2.8	0.5	1.4	1.1	0.7	-0.3
Germany	1.2	0.0	0.9	-0.5	1.0	1.7	0.7	1.2	0.4	1.3	0.1	1.1	1.7	0.8
Greece	5.1	7.3	-2.3	-0.4	-11.4	-10.7	-10.8	5.5	7.4	-2.4	-0.5	-10.3	-10.4	-10.2
Hungary	1.7	-3.0	-1.8	-4.4	-2.1	2.8	-4.6	1.9	-4.2	-1.1	-3.7	-2.8	2.4	-4.3
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	4.3	6.2	7.0	1.0	-2.7	-3.7	-1.7	4.3	6.4	5.5	1.5	-2.4	-3.5	-1.8
Israel	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Italy	0.9	1.0	-1.4	-3.0	-0.8	-0.8	-4.9	0.9	1.0	-1.0	-2.4	-0.7	-0.8	-4.4
Japan	0.8	0.8	-1.2	1.3	2.6	0.6	..	0.8	1.0	-0.8	1.4	2.5	0.9	..
Korea	2.6	2.7	1.3	1.6	4.1	1.7	2.0	3.0	2.7	1.6	2.1	4.2	1.8	..
Luxembourg	..	4.0	4.6	1.0	4.2	1.8	2.4	..	4.3	3.3	1.8	3.7	1.2	2.7
Mexico	5.5	3.6	1.2	-7.7	4.2	5.0	..	5.3	3.5	1.1	-7.1	4.0	4.8	..
Netherlands	0.5	2.6	-0.3	-1.1	-0.2	-0.4	-2.3	3.5	3.0	0.5	0.5	0.4	0.4	-1.4
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	-6.4	6.3	4.0	4.1	2.7	4.4	3.4	-4.5	5.2	3.5	3.9	2.4	3.4	3.0
Poland	4.8	4.2	4.0	4.8	2.2	0.4	-0.1	5.0	4.2	4.6	4.7	2.4	0.2	0.0
Portugal	-0.4	1.9	1.6	1.8	1.7	-4.2	-3.2	-0.6	1.6	1.4	2.2	1.5	-3.9	-3.4
Slovak Republic	3.4	9.1	5.0	1.2	3.2	-1.5	-1.7	3.9	9.9	5.5	1.3	3.0	-2.0	-1.4
Slovenia	2.9	4.3	1.8	-0.7	-0.6	0.6	-4.6	3.0	4.0	2.2	-0.1	-0.3	0.6	-4.0
Spain	3.0	3.2	3.3	1.8	-4.5	-2.3	-5.1	2.9	3.3	3.4	1.7	-4.0	-2.2	-5.2
Sweden	3.6	5.5	2.3	2.0	1.6	3.3	3.5	3.0	4.1	1.9	2.0	1.5	2.5	2.4
Switzerland	3.7	4.1	0.1	1.5	1.9	2.8	..	3.3	3.8	-0.5	1.9	1.8	2.6	..
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	2.2	0.3	1.3	1.5	1.1	-1.3	1.7	2.2	0.5	1.5	1.7	1.1	-0.8	1.8
United States	3.9	1.9	1.8	-0.3	1.4	2.6	2.1	3.5 e	1.7 e	1.6 e	-0.1 e	0.9 e	2.1 e	2.1 e
Euro area	1.8	2.0	0.5	-0.1	-0.6	-0.3	-1.8	1.9 e	2.1 e	0.8 e	0.2 e	-0.2 e	0.0 e	-1.4 e
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	13.6	14.1	8.0	-2.0	8.6	4.4	..	11.8	12.3	7.2	-1.9	7.0	3.6	..
South Africa	6.9	5.2	0.6	1.4	5.7	5.6	4.6	6.3	5.9	1.1	0.8	5.6	5.8	3.4


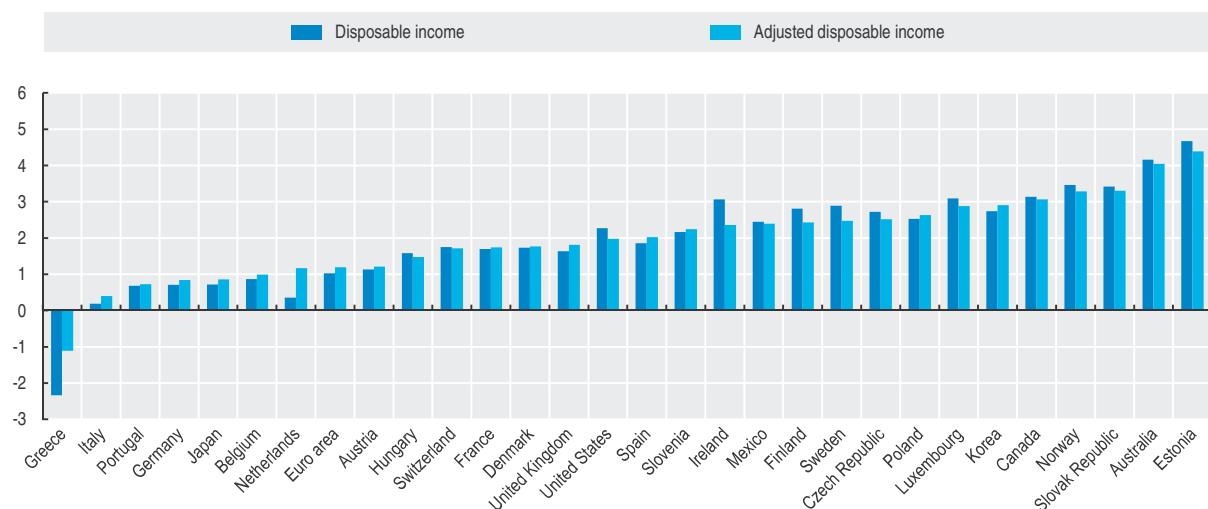
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Figure 14.2. **Real household net (adjusted) disposable income**
Average annual growth rates, between 2001 and 2011




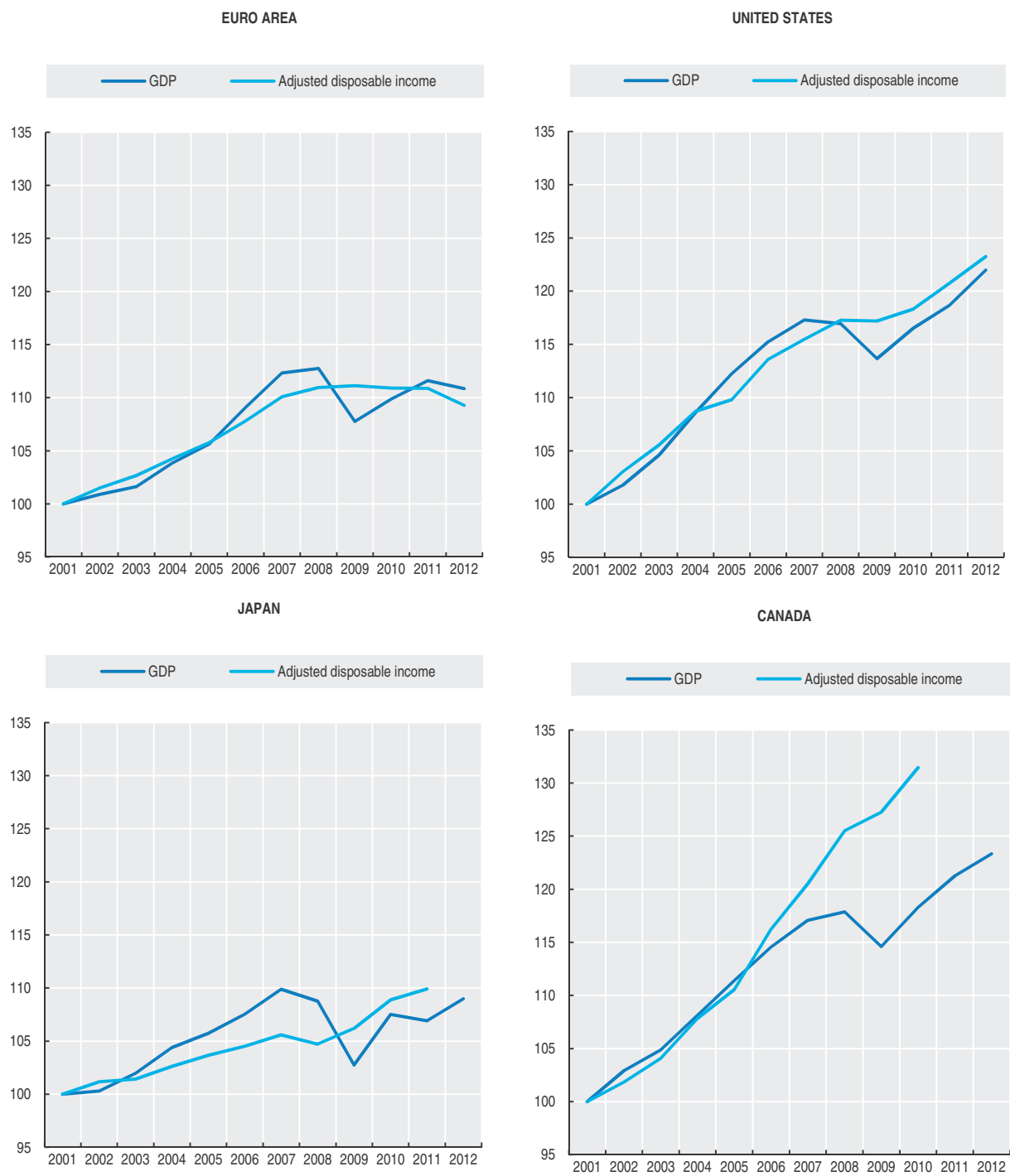

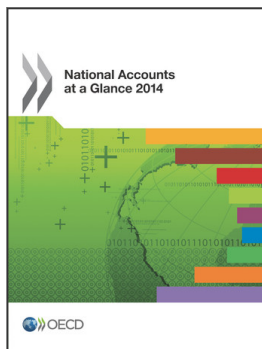
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Figure 14.3. Real household net adjusted disposable income and GDP growth

Year 2001 = 100

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