
HOUSEHOLD RESOURCES – THE INCOME-EXPENDITURE-CONSUMPTION
RELATIONSHIP

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Abstract: *At the level of an economy it can be stated that the products made within it, in monetary terms, are equal to the obtained incomes, respectively the sum of the different forms of their use. The purchasing power of the population is influenced not only by the dynamics of consumer prices but also by the dynamics of incomes, between demand and income being a direct dependency relationship. At the microeconomic level, with reference to family, household, personal income is either spent or saved. Consumption decisions are linked to decisions on savings, which often depend on the phase of the economic cycle in which we are. The statistical analysis of data on the income-spending-consumption relationship of agro-food products gives us an insight into the wishes and aspirations of consumers in this field.*

Keywords: *purchasing power, consumer spending, disposable income, consumers.*

INTRODUCTION

The sale of the products compensates for the efforts made to achieve them, the income thus obtained by covering the cost of using the various factors of production, which will receive the appropriate remuneration (salary, dividend, profit, rent, etc.) These rewards will also be spent or will be saved. The sums spent at the macroeconomic level will finance production, thus closing the value flow circle, while the saved amounts will tend to exit the economic circuit, and then be reintroduced into it in various ways (presented later). At the microeconomic level, household composition, income, expenditure and consumption are aspects of the standard of living of the population [1].

MATERIAL AND METHOD

Consumers are important, personal consumption is between half and two-thirds of GDP. If consumer incomes are stimulated, they will save a portion and spend the rest. The part that is spent becomes income for someone else who in turn saves and saves. The process repeats itself and the multiplication effect has a positive effect on everyone, provided this increase is translated into extra production and not in prices [2].

The part of the consumer income that is saved provides the necessary funds for investments, which are essential for future production, for future incomes and for future consumption.

The microeconomic analysis carried out in the paper focuses on a clearly defined group of economic agents - households (families), a group of people living under the same roof and managing a common budget.

The inclusion of a household in a particular socio-economic category is based on the main occupational status of the head of the household.

RESEARCH RESULTS

The structure of income by sources of origin is determined by the heterogeneous character of households, depending on the occupational status of their members. In 2014, the composition of households by households by occupational status of household members has the following form:

Table 1

Household Component in Romania 2014 (Average number of people / household)

Occupational status of household members	Total households	Out of which			
		Employees	Farmers	Unemployed	Pensioners
Total persons	2.667	2.915	3.273	3.253	2.197
Active persons	1.181	1.801	1.666	1.858	0.454
Employees	0.675	1.631	0.136	0.529	0.256
Employers and self employed workers *	0.098	0.025	0.066	0.048	0.039
Farmers	0.204	0.058	1.413	0.048	0.096
Unemployed	0.114	0.087	0.031	1.233	0.060
Inactive persons	1.486	1.114	1.607	1.395	1.743
Pensioners	0.651	0.107	0.073	0.129	1.373
Students	0.427	0.589	0.707	0.811	0.156
Households	0.169	0.169	0.210	0.267	0.109
Other persons	0.239	0.249	0.617	0.388	0.105

*In non-agricultural activities. including agricultural cooperatives

Source – Institutul Național de Statistică – Anuarul Statistic al României 2015

Income is affected by the economic cycle. In general, it is advisable to look for an increase in real income that can be sustained, which does not generate inflation.

Income category includes:

- home earnings (wages, income from self-employment, sales, unemployment benefits, pensions, child allowances, scholarships and other social protection benefits, property income, etc.);

- the consideration for the free (free of charge) or price reduction (services and services), valued at the selling price of the offer;

- the value of food and non-food consumption from own resources (production, stock, etc.), determined on the basis of monthly average prices of those products.

Table 2

Total Household Income for 2011-2014 (Monthly lei / household)

Specification	2011	2012	2013	2014
Of which households	21417.26	2475.04	2559.05	2500.72
Of Employees	3146.53	3238.41	3419.13	3421.02
Farmers	2085.67	2029.84	2098.10	2061.61
Unemployed	1637.50	1647.79	1689.99	1717.11
Pensioners	2016.96	2034.24	2072.58	1963.41

Source: Institutul Național de Statistică. Anuarul Statistic 2012-2015

In the period 2011-2014. the main source of total household income generation was incomes from 81.7% in 2011 to 84.1% in 2014.

Income in kind recorded a decreasing trend over the same period. reaching 15.9% in 2014. mainly due to the equivalent of the consumption of agri-food products from own resources (down 2.3 percentage points versus 2011) .

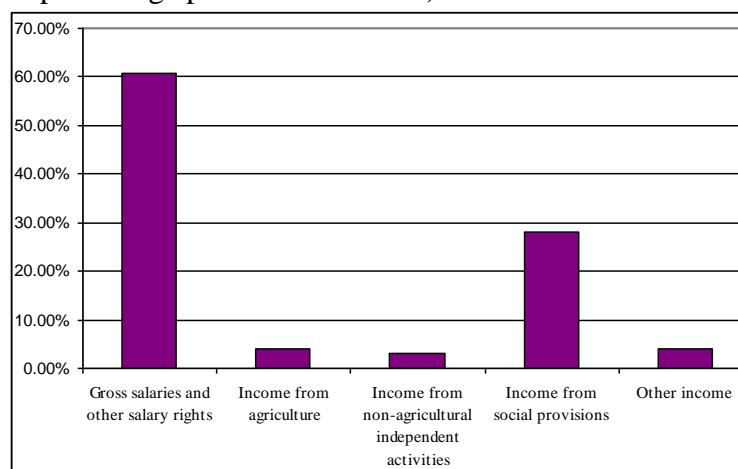


Figure 1. Structure of money income -2014

Source: Institutul Național de Statistică. Anuarul Statistic 2015

The main form of income earned in the society is the salary. In 2014. the salaries and other income related to them formed the most important category of income. with the largest share in the households' household income (60.8%). decreasing by 0 . 5 percentage points versus 2013.

An important share in the household income structure is income from social benefits (28.2%. one percentage point higher than in 2013).

In contrast. agricultural income. self-employment and property income have a low share of household income.

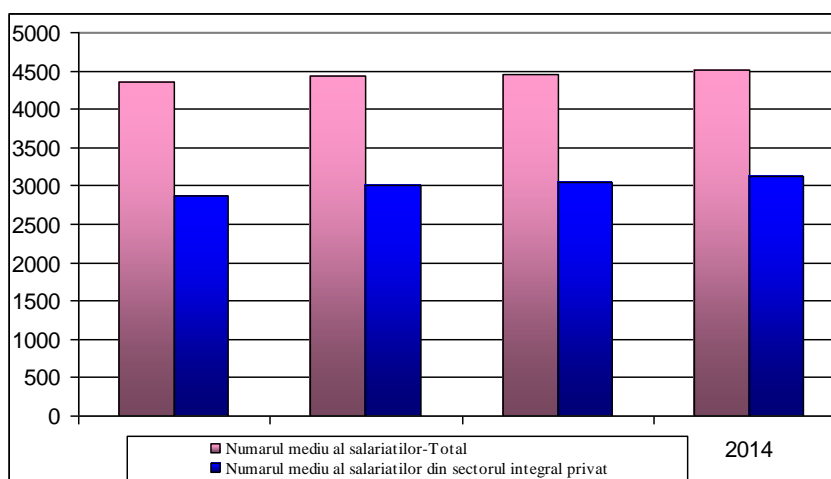


Figure 2. Evolution of the average number of employees

Source: Institutul Național de Statistică. Anuarul Statistica al Romaniei 2008-2015

Table 3

Gross nominal gross nominal earnings per month. by activities of the national economy at NACE section level - total employees (lei / employee)

Activity	2010	2014
Total	1902	2907
Agriculture, hunting, forestry	1389	1569
Industry	1890	2112
Trade	1597	1790
Education	1908	2325
Health and social assistance	1659	2024
Construction	1529	1685
Hotels and restaurants	1059	1187
Transport and storage	2144	2061
Information and communications	3650	4239
Financial intermediation and insurance	4445	4378

Source: Institutul Național de Statistică. Anuarul Statistic al României 2011-2015

Concerning the structure of consumption expenditures, during the period 2011-2014, agro-food and non-alcoholic beverages held the highest share in the total consumption expenditures (40.0%). down 1.7 percentage points compared to 2011 In contrast, housing, endowment and maintenance expenditure had an increasing trend each year (by 2014, by 0.9 percentage points higher than in 2011).

Table 4

Structure of household consumption expenditure

	Total households	Out of which			
		Employees	Farmers	Unemployed	Pensioners
2011					
Total expenses	2183.76	2794.38	2002.30	1631.34	1805.36
Cash Consumption (%) for:	81.8	90.9	47.9	82.7	78.1
Food	21.8	21.3	16.4	27.4	22.7
Non-food goods	21.1	21.0		20.4	22.2
Payment of services	17.6	18.9	15.0	20.4	17.5
Value consumption of agricultural products from own resources	18.2	9.1	52.1	17.3	21.9
2012					
Total expenses	2244.47	2898.72	1965.74	1655.29	1823.32
Cash Consumption (%) for:	82.7	90.5	52.2	84.3	78.8
Food	22.4	21.4	18.0	28.5	23.7
Non-food goods	21.4	21.0	16.7	18.7	23.2
Payment of services	18.0	19.2	8.9	22.6	17.6
Value consumption of agricultural products from own resources	17.3	9.5	47.8	15.7	21.2
2013					
Total expenses	2317.40	3039.77	2038.26	1713.31	1857.09
Cash Consumption (%) for:	83.7	91.6	52.7	85.2	80.3
Food	18.3	21.7	17.7	28.8	23.7
Non-food goods	25.5	21.0	16.4	19.0	22.9
Payment of services	21.4	19.2	9.8	22.5	18.4
Value consumption of agricultural products from own resources	16.4	8.4	47.3	14.8	19.7

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resources					
2014					
Total expenses	2269.25	3063.10	1999.90	1731.13	1754.19
Cash Consumption (%) for:	84.4	91.7	53.9	85.5	81.1
Food	21.7	20.4	16.9	25.9	23.7
Non-food goods	21.8	21.5	18.3	20.5	23.0
Payment of services	18.1	19.8	9.8	23.6	19.5
Value consumption of agricultural products from own resources	15.6	8.3	46.1	14.5	18.9

Source: Institutul Național de Statistică. Anuarul Statistic al României 2012-2015

In 2014, spending on food consumption accounted for 34.7% of total consumer spending for all households. On average, on total households, the share of expenditures for non-food goods was 34.8%, while expenditures for services accounted for 30.5%.

The average monthly consumption of the main food and beverages in 2011-2014 is as follows:

Table 5

Average monthly consumption of main food and beverages

Category	Measurement units	2011	2012	2013	2014*
Fresh meat	kg	3.079	3.143	3.187	3.249
Meat products	kg	1.023	1.038	1.031	1.036
Fat	kg	1.201	1.196	1.193	1.215
Milk	Liters	5.962	6.062	5.870	5.794
Eggs	Pieces	13	13	13	13
Sugar	kg	0.741	0.732	0.745	0.759
Potatoes	kg	3.465	3.480	3.114	3.314
Vegetables and canned vegetables *	kg	7.597	7.575	7.617	7.726
Fruits	kg	3.399	3.389	3.449	3.574
Mineral water and other non-alcoholic beverages	Liters	4.571	4.4542	4.489	4.753
Beer	Liters	1.077	1.125	1.205	1.140
Wine	Liters	0.864	0.874	0.876	0.886
Strong drinks and other natural alcoholic drinks	Liters	0.217	0.205	0.206	0.221

* In fresh vegetables equivalent

Source: Cercetarea Statistica a Bugetelor de Familie 2011-2014, INNSE – Comunicat de presa in domeniul nivelului de trai-2014

In Romania, meat and meat products consumption is relatively low compared to standards in developed countries. The average monthly consumption of fresh meat per person was 3.2 kg in 2014. Together with meat preparations, it amounts to 4.3 kg per month, which means an average annual consumption of 52 kg per person.

In 2014, the consumption of alcoholic and non-alcoholic beverages averaged 4.8 liters of mineral water and other non-alcoholic beverages, 1.1 liters of beer, 0.9 liters of wine, 0.2 liter of tequila and natural spirits. Compared to 2011, these levels were higher: mineral water and other non-alcoholic beverages by 4.0%, beer by 5.8%, wine by 2.5%, tequila and natural spirits by 1.8%.

CONCLUSIONS

- the economic management system. based on the free market laws and principles. being efficient and progressive in several respects. is also lacking in balance and stability.
- in these conditions. the income-consumption balance (consumption expenditure) is precarious.
- the share of employees in the economy. as well as other categories of market participants - unemployed. retired. employers. etc. determines certain consumption behaviors at national level. depending on their incomes.
- the Romanian food basket takes into account historical. climatological. cultural. food habits. national food recommendations. basket price. physical activity. etc..
- the development of comparable European reference budgets at the transnational level is absolutely necessary.

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