

HOUSEHOLD SAVING

Household saving is the main domestic source of funds to finance capital investment, which is a major impetus for long-term economic growth.

Definition

In the national accounts, saving is estimated by subtracting household consumption expenditure from household disposable income.

The latter consists essentially of income from employment and from the operation of unincorporated enterprises, plus receipts of interest, dividends and social benefits minus payments of income taxes, interest and social security contributions. Note that enterprise income includes imputed rents paid by owner-occupiers of dwellings.

Household consumption expenditure consists mainly of cash outlays for consumer goods and services but it also includes the imputed expenditures that owner occupiers pay, as occupiers, to themselves as owners of their dwellings.

Long-term trends

Household saving rates are very variable between countries. This is partly due to institutional differences between countries such as the extent to which old-age pensions are funded by government rather than through personal saving and the extent to which governments provide insurance against sickness and unemployment. The age composition of the population is also relevant because the elderly tend to run down financial assets acquired during their working life, so that a country with a high share of retired persons will usually have a low saving rate.

Over the period covered in the table, saving rates have been stable or rising in Austria, France, Italy, Norway and Portugal but have been falling in the other countries. Particularly sharp declines occurred in Australia, Canada, Japan, the United Kingdom and the United States. Negative saving – which means that consumption expenditures by households exceeded their income – was recorded in some countries, in particular in Australia, Denmark, Greece and New Zealand.

Comparability

Saving rates may be measured on either a net or a gross basis. Net saving rates are measured after deducting consumption of fixed capital (depreciation) in respect of assets used in enterprises operated by households and in respect of owner-occupied dwellings. Consumption of fixed capital is deducted, as a production cost, from the disposable income of households, so that both saving and disposable income is shown on a net basis. Sometimes, countries have difficulties in estimating consumption of fixed capital for the household sector. The international system of accounts therefore provides for both disposable income and saving to be shown on a gross basis, i.e. with both aggregates including consumption of fixed capital. All figures are shown on a net basis.

Because saving is a residual between two large aggregates – disposable income and household consumption expenditure – both of which are subject to estimation errors, estimates of savings are subject to large relative errors and revisions over time.

Source

- OECD (2006), *National Accounts of OECD Countries*, OECD, Paris.

Further information

Analytical publications

- Cotis, J.-P., J. Coppel and L. de Mello (2004), *Is the US Prone to Over-consumption?*, paper presented at The Macroeconomics of Fiscal Policy Federal Reserve Bank of Boston Economic Conference, Cape Cod, 14-16 June, www.oecd.org/eco/speeches.
- Harvey, R. (2004), “Comparison of Household Saving Ratios: Euro Area/United States/Japan”, *OECD Statistics Brief*, No. 8, June, OECD, Paris, www.oecd.org/std/statisticsbrief.
- Kohl, R. and P. O'Brien (1998), *The Macroeconomics of Ageing, Pensions and Savings*, OECD Economics Department Working Papers, No. 200, OECD, Paris.
- de Serres, A. and F. Pelgrin (2003), “The Decline of Private Saving Rates in the 1990s in OECD Countries: How Much Can Be Explained by Non-wealth Determinants?”, *OECD Economic Studies*, No. 36, 2003/1, OECD, Paris, www.oecd.org/oecdeconomicstudies.

Methodological publications

- OECD (2007), *Understanding National Accounts*, OECD, Paris.

Websites

- OECD Economic Outlook – Sources and Methods, www.oecd.org/eco/sources-and-methods.

Household net saving rates

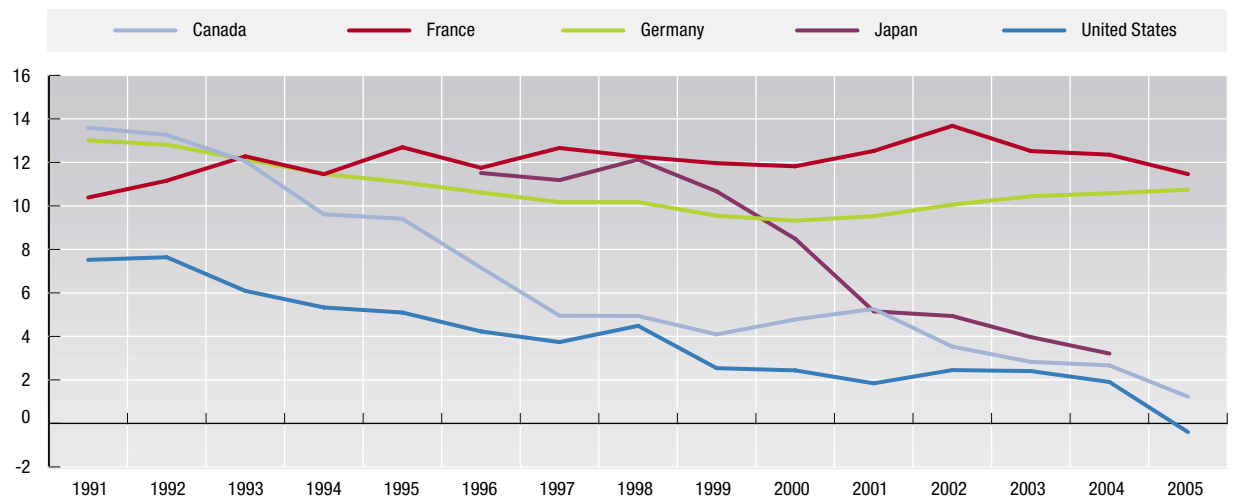
As a percentage of disposable household income

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Australia	6.1	6.7	6.1	6.7	6.4	2.9	2.0	1.9	2.4	1.2	-2.3	-3.2	-3.7	..
Austria	..	..	..	11.0	8.6	7.3	8.2	8.8	8.5	7.5	7.7	8.6	9.1	..
Belgium	16.2	17.6	16.6	15.7	13.7	12.6	11.1	11.1	9.7	11.6	11.9	10.4	..	..
Canada	13.3	12.1	9.6	9.4	7.2	5.0	4.9	4.1	4.8	5.3	3.5	2.8	2.7	1.2
Czech Republic	..	..	..	10.0	6.2	6.1	4.1	3.4	3.3	2.2	3.0	2.4	0.2	0.5
Denmark	1.6	2.7	-1.8	1.3	1.0	-1.7	-	-3.6	-2.0	4.1	4.6	4.8	1.1	..
Finland	9.6	7.5	1.1	3.9	0.4	2.0	0.5	2.1	-0.1	0.1	0.6	1.4	2.4	-0.1
France	11.2	12.3	11.5	12.7	11.7	12.7	12.3	12.0	11.8	12.5	13.7	12.5	12.4	11.5
Germany	12.8	12.1	11.5	11.1	10.6	10.2	10.2	9.5	9.3	9.5	10.1	10.4	10.6	10.7
Greece	..	..	..	..	..	..	..	..	-4.1	-5.6	-7.4	-6.3	-5.8	-7.8
Italy	..	..	..	..	..	..	..	9.8	9.0	10.4	10.8	11.0	11.6	..
Japan	..	..	..	..	11.5	11.2	12.1	10.7	8.5	5.2	4.9	4.0	3.2	..
Korea	23.4	21.8	20.6	17.5	17.5	16.1	24.8	17.4	10.7	6.4	2.2	3.9	6.3	4.4
Mexico	..	4.9	3.4	2.4	5.8	10.0	7.5	7.1	10.6	7.7	8.8	..	..	..
Netherlands	..	..	..	15.7	13.9	14.5	13.5	9.9	7.5	10.5	9.4	8.4	8.1	7.1
New Zealand	0.2	-0.6	-3.8	-3.6	-2.6	-4.6	-4.2	-5.3	-3.8	..	..	..	..	..
Norway	5.0	6.1	5.2	4.6	2.2	2.9	5.9	5.6	5.2	4.2	9.0	10.1	..	..
Poland	..	..	..	16.0	11.7	11.6	12.0	10.6	8.4	9.9	6.0	5.3	4.1	2.4
Portugal	..	..	..	..	..	..	..	..	3.6	4.5	4.0	..	..	..
Spain	..	..	..	..	..	..	..	..	5.9	5.7	5.7	6.0	4.6	..
Sweden	..	11.6	10.3	9.1	6.7	4.1	3.1	2.1	3.2	8.6	9.2	9.2	8.7	..
Switzerland	12.1	12.6	12.4	12.9	12.6	11.8	12.0	11.2	13.2	13.0	9.9	9.9	9.1	..
United Kingdom	8.3	7.6	5.9	6.7	5.9	5.8	2.1	0.5	0.5	2.0	0.5	0.7	-0.7	-0.1
United States	7.6	6.1	5.3	5.1	4.2	3.7	4.5	2.5	2.4	1.8	2.5	2.4	1.9	-0.4
Euro area	13.8	13.6	12.8	12.7	12.2	11.4	10.4	9.3	9.0	9.5	9.9	9.7

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Household net saving rates

As a percentage of disposable household income



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