

Comparing Household Budget Survey and the Household Final Consumption Expenditure in National Accounts

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Household Budget Survey (HBS) offers – at least at the moment – the only real data for household consumption in Finland, but it is not done every year and it is known not to be reliable in all the products. There are also some conceptual differences between concepts used in household final consumption expenditure (HFCE) in National Accounts and in HBS. HFCE figures are produced in National Accounts yearly, based on other sources and methods for the years without Household Budget Survey.

To be able to estimate the quality of sources and methods used in HFCE calculations in years without HBS, the NA figures should be compared to the HBS figures – and to be able to evaluate the quality of HBS as a source for different products, the comparison should be done the other way around, too.

There are both the levels as well as changes to be compared. Comparing levels gives an idea about the sources and comparing the changes gives an idea about the methods used for National Accounts calculations for years without the HBS. The results can be presented for example in a matrix, where the level is divided in two (is equal and differs) in the columns and the change is divided in two (is equal or differs) in the rows. This way we can form a fourfold table to see, whether we can accept the existing situation or we need to change either source or method or both of them. I am hoping to divide the goods and services in four groups:

- A. those, for which the level can be derived from HBS and the existing method is producing similar changes than HBSs;
- B. those, for which the level can be derived from the HBS, but our existing method for calculation in years between does not seem to be correct, producing very different changes (meaning that we need a new method);
- C. those, for which the level cannot be derived from HBS, but the existing method is producing similar changes than HBSs (meaning that we need new source data for the level); and
- D. those, for which we do not get information about the level from HBS and our existing method for calculation in years between does not seem to be correct, producing

very different changes (meaning that we need both new source data for the level and a new method).

HBS figures are only available at current prices, so we need to use the current price figures from national accounts, too. The years used in my research are the ones that HBS has been conducted in Finland: that is 1966, 1971, 1976, 1981, 1985, 1990, 1998, 2012 and 2016. In the paper I have some results from the earlier years of HBS in Finland.

The HBS figures are used as such, although those have been reclassified according to household final consumption expenditure classification used in National Accounts . From National Accounts figures I have used different time series so that for the comparison of the level I have taken the first version of NA calculations for that same year as HBS is available, but for the comparison of the changes I have taken both years from the same set of calculations . This is because the NA figures are by no means independent from HBS figures – the time series are corrected backwards according to the results of HBS – but the first version is calculated based on other sources and methods. So for the HBS figures I have only one set of figures for each year – although for some years they have been classified according to two different classifications so that they can be compared to the NA figures – and for the NA figures I have two different sets of figures for each year. For comparison of the level I have been calculating the share of HBS figure from NA figure and for the comparison of the change I have calculated the average yearly changes in both series. In Finland the inflation has been quite high until 1990's, and for example for period from 1966 to 1976 it was on average 8.9 percentage per year . To be able to eliminate the effect of inflation I am not comparing changes as such, but the differences in changes and also for the levels I am comparing the shares of HBS of NA figures, not the actual figures.

Basically the NA figures should always be a little bit higher, since they cover a bigger population – including people living in institutions as well as tourists – and the early NA calculations include also some consumption of government and non-profit institutions, because of the calculation method used in Finland.

The goal of this paper is to show what I have planned to do and how, and to get some comments and new ideas for my dissertation. At the moment (meaning: at the very beginning of my research) the preliminary topic of my dissertation is “Household Consumption keeps also Finland going – but how to estimate it?”.