

## Consumer Spending

Week 4: Changes in spending since 1984

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# How has spending changed since 1984?

The average U.S. consumer unit consisted of 2.5 people and spent \$6,443 on food in 2008, according to the Bureau of Labor Statistics' Consumer Expenditure Survey.

That compares to \$3,290 on food for the same household in 1984. However, in 1984, a gallon of milk cost \$1.89, a loaf of bread was 66 cents and the average new car cost about \$6,300.

Comparing actual spending in 1984 to spending in 2008 provides little information about consumer expenditures except that significant price inflation occurred.

Using the Consumer Price Index enables us to inflate 1984 prices to 2008 and provides a better basis for comparing consumer spending over time.

For example, applying the CPI reveals that spending \$3,290 on food in 1984 was equivalent to \$6,818 in 2008. So, in real dollars, Americans spent an average \$375 less on food per consumer unit in 2008 than in 1984. During the same period, real spending on housing increased by \$3,279.

The CPI is not a perfect measure of price inflation as it is simply an average increase in price of a fixed basket of goods and services purchased by a typical consumer. However, it does provide an indicator of trends in consumer spending over time.

The following table includes spending per consumer unit on selected goods in 2008 dollars. For more information and data about the CES and the CPI, go to <http://bls.gov>.

## Average annual spending per consumer unit in 2008 dollars

	1984	2008	Change ('84 to '08)
Food	\$6,818	\$6,443	-\$375
Food at home	\$4,082	\$3,744	-\$338
Alcoholic beverages	\$570	\$444	-\$126
Housing	\$13,830	\$17,109	\$3,279
Apparel and services	\$2,733	\$1,801	-\$932
Vehicle purchases (net outlay)	\$3,757	\$2,755	-\$1,002
Gasoline and motor oil	\$2,192	\$2,715	\$523
Telephone services	\$901	\$1,127	\$226

Source: Bureau of Labor Statistics Consumer Expenditure Survey, 2008