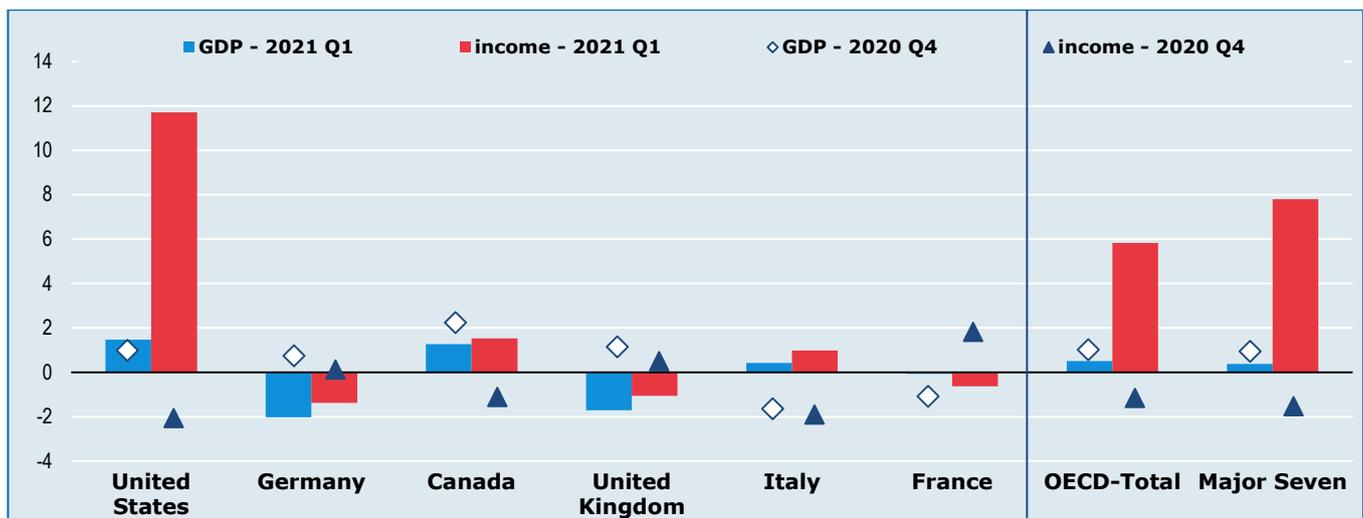


## OECD household income grows strongly in the first quarter of 2021, driven by significant fiscal expansion in the United States

Real household income per capita, which provides a better picture of people's economic well-being than GDP, grew by 5.8% in the **OECD area** as a whole over the first quarter of 2021. The rise, the largest since 2008, is largely due to the **United States'** significant increase in real household income, which is a direct result of the government's recent fiscal support, including transfer payments made to households. This exceptional rise in incomes was much higher than the 0.5% increase in GDP per capita recorded in the **OECD area** during the first quarter of 2021.

The result this quarter continues the divergence between GDP per capita and household income per capita since the onset of the COVID-19 pandemic. From Q4 2019 real household income per capita has increased by 8.2% in the **OECD area** as a whole, while real GDP per capita has declined by 2.7%.

**Real household income per capita and real GDP per capita**  
Percentage change on the previous quarter, seasonally adjusted data



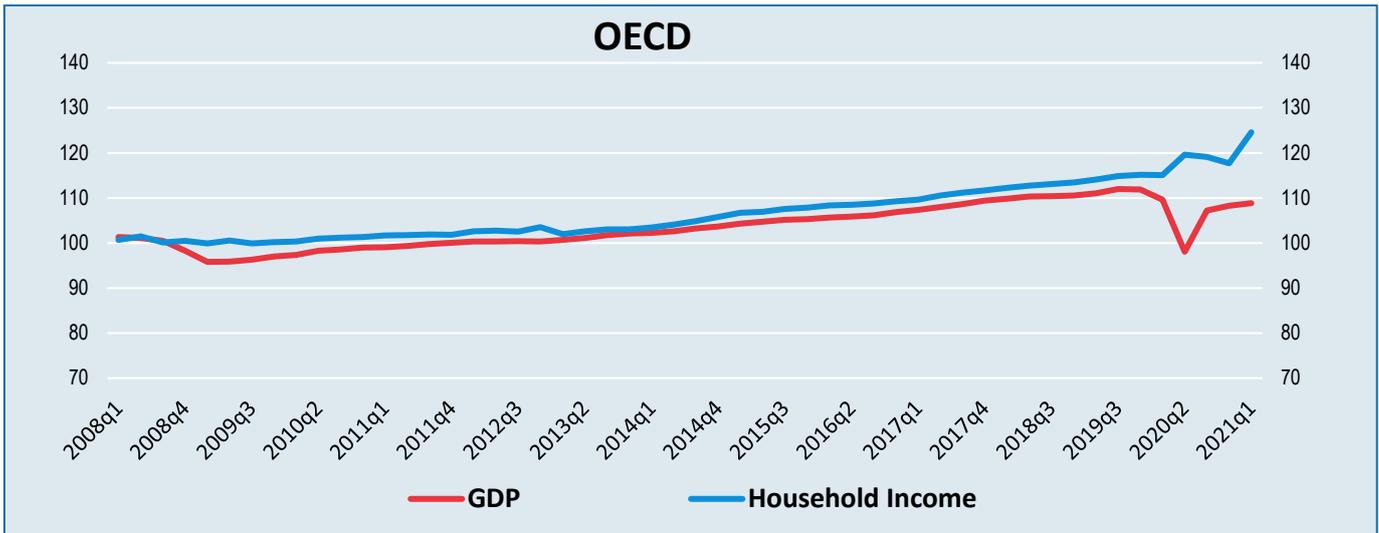
The **United States** saw significant growth in real household income per capita of 11.7% in the first quarter of 2021. This increase reflects the two separate, broad-based monetary transfers to households, associated with the *Coronavirus Response and Relief Supplemental Appropriations Act of 2021* and then the *American Rescue Plan Act of 2021*<sup>1</sup>. While real GDP per capita also increased in the **United States** (1.5%) during the first quarter of 2021, the difference between the two indicators, along with the large spike in the **United States'** personal saving rate for Q1 2021, reflects a large amount of the additional income was used to improve personal balance sheets, rather than spent on personal consumption.

Movements in real household income per capita also tracked movements in real GDP per capita amongst the other **major seven economies**, albeit at a smaller scale. Increases in real household income were observed in **Canada** (1.5%) and **Italy** (1.0%), which also recorded slight increases in GDP per capita of 1.3% and 0.4% respectively. On the other hand, the declines in real household income recorded in **Germany** (minus 1.4%), the **United Kingdom** (minus 1.1%) and **France** (minus 0.6%) were coupled with decrease in real GDP per capita of (minus 2.0%, minus 1.7% and minus 0.1% respectively).

Across other **OECD countries**, real household income per capita increased in **Denmark** (6.7%), **Hungary** (3.1%) and **Poland** (2.9%). Conversely, larger falls were recorded in **Austria** (minus 11.6%), **Chile** (minus 8.7%), **Belgium** (minus 2.2%) and **Czech Republic** (minus 1.7%).

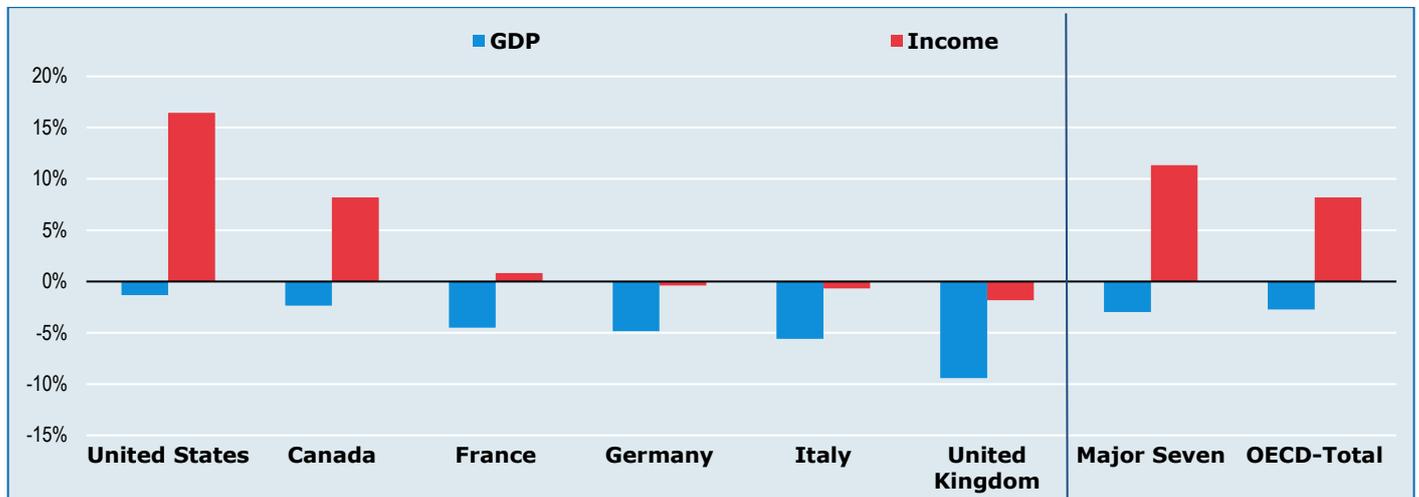
<sup>1</sup> For specific information on the two policies, as well as how they are reflected in the United States national accounts please refer to [this BEA note](#)

Real household income per capita and real GDP per capita: 2007 Q1 = 100



To remove some of the volatility caused by the pandemic, it is worthwhile to look at the cumulative growth of the measures since before any COVID-19 related restrictions were implemented. From this perspective, the **United States** (16.4%) and **Canada** (8.2%) have recorded strong growth in real household income per capita, a reflection of the significant fiscal support enacted by the government in these countries. Additionally, due to government support in all **major seven economies**, the remaining countries have shown only slight declines (or slight increases) in real household income per capita despite negative cumulative growth of GDP per capita across all countries ranging from (minus) 9.4% for the **United Kingdom** to (minus) 1.3% for the **United States**.

Real household income per capita and real GDP per capita  
Cumulative percentage change since 2019 Q4, seasonally adjusted data



**Quarterly real household income per capita**  
Percentage change on the previous quarter, seasonally adjusted data

	2019				2020				2021	Cumulative growth since Q4 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
OECD-Total *	0.5	0.2	0.5	0.2	0.0	3.9	-0.4	-1.2	5.8	8.2
Major Seven*	0.6	-0.1	0.5	0.3	0.3	7.0	-2.7	-1.5	7.8	10.8
Canada	-0.4	0.7	0.4	0.3	0.8	13.1	-5.5	-1.1	1.5	8.2
France	0.8	-0.1	0.4	0.5	-1.2	-0.8	1.7	1.8	-0.6	0.8
Germany	0.9	-0.1	0.4	0.0	0.6	-3.3	3.7	0.1	-1.4	-0.4
Italy	0.0	0.9	-0.1	-0.3	-1.8	-3.9	6.2	-1.9	1.0	-0.7
Japan	0.0	0.5	0.9	-0.9	0.4	..	..	..	..	..
United Kingdom	-0.8	1.2	-0.6	1.3	-1.7	-3.3	3.9	0.5	-1.1	-1.8
United States	0.8	-0.5	0.4	0.5	0.8	10.4	-4.3	-2.1	11.7	16.4

\* See the [Methodological note](#) for further details on zone total estimates.

**Quarterly real GDP per capita**  
Percentage change on the previous quarter, seasonally adjusted data

	2019				2020				2021	Cumulative growth since Q4 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
OECD-Total	0.4	0.5	0.4	-0.1	-2.0	-10.5	9.3	1.0	0.5	-2.7
Major Seven	0.5	0.4	0.5	-0.3	-2.1	-10.5	9.4	0.9	0.4	-2.9
Canada	-0.1	0.8	0.0	-0.5	-2.3	-11.5	9.0	2.2	1.3	-2.4
France	0.6	0.4	0.1	-0.5	-5.8	-13.6	18.7	-1.1	-0.1	-4.5
Germany	1.0	-0.5	0.4	-0.1	-1.8	-10.0	9.0	0.7	-2.0	-4.9
Italy	0.1	0.2	0.3	-0.4	-5.6	-12.9	16.2	-1.6	0.4	-5.6
Japan	0.4	0.1	1.0	-2.5	-0.5	-8.0	5.4	2.9	-0.8	-1.5
United Kingdom	0.4	0.0	0.3	-0.1	-3.0	-19.6	16.8	1.1	-1.7	-9.4
United States	0.5	0.7	0.5	0.3	-1.4	-9.0	7.4	1.0	1.5	-1.3

**Note:** As a consequence of measures put in place by governments to reduce the spread of the Coronavirus (COVID-19), many statistical agencies are facing unprecedented collection, compilation and methodological challenges to develop indicators across a number of domains. To address these challenges, the statistical community is developing guidance, both conceptual and practical, to help ensure the continued delivery of timely and reliable statistics. However, in some cases, there will inevitably be an impact on quality and, as such, the statistics included in this press release may be subject to larger, and more frequent, than normal revisions.

**>> Methodological Notes:**

Note that households in this release refer to households and non-profit institutions serving households (e.g. non-profit sports membership clubs). Further methodological information can be downloaded from: [http://www.oecd.org/sdd/na/QSA\\_Methodological\\_Note.pdf](http://www.oecd.org/sdd/na/QSA_Methodological_Note.pdf)

**>> Access data:**

Interested in how households are doing? Visit our household's economic well-being dashboard: [www.oecd.org/sdd/na/household-dashboard.htm](http://www.oecd.org/sdd/na/household-dashboard.htm)

Quarterly growth rates of real household income per capita and real GDP for all OECD countries (when available) and geographic groupings, as well as historical data, can be downloaded from the OECD online data dissemination facility OECD.Stat at: [http://stats.oecd.org/Index.aspx?DataSetCode=HH\\_DASH](http://stats.oecd.org/Index.aspx?DataSetCode=HH_DASH)  
Also, the full set of non-financial quarterly sector accounts is available on OECD.Stat at [http://stats.oecd.org/Index.aspx?DataSetCode=QASA\\_TABLE801](http://stats.oecd.org/Index.aspx?DataSetCode=QASA_TABLE801)

**>> Contacts:**

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**>> Next release:** Q2 2021 – 8 November 2021

## Technical notes for OECD Growth and economic well-being News Release

A key indicator of households' material conditions, or economic well-being, is per capita household income, after deducting taxes and social contributions and including social benefits. It provides a better gauge than gross domestic product (GDP) of the resources households have at their disposal to buy goods and services or save for the future.

Over the very long term the average annual growth rates of the two statistics tend to be similar, since the incomes earned by households account for a large share of the total income generated through production in the economy, as recorded by GDP. However, over shorter time periods, especially during severe economic recessions or rapid expansions, trends in household disposable income and GDP may differ significantly. Many factors can contribute to such a divergence; for instance, changes in the government's policies related to taxes or social benefits, or in how companies allocate their earnings between dividends, retained earnings and compensation of employees.

Data shown in this release was last updated on the 30<sup>th</sup> of July 2021.

### Definition of the indicators

#### Real GDP per capita

Gross domestic product (GDP) is the standard measure of the value added generated through the production of goods and services in a country during a certain period. Equivalently, it measures the income earned from that production, or the total amount spent on final goods and services (less imports). While GDP is the single most important indicator to capture these economic activities, it falls short of providing a suitable measure of people's material well-being.

Real GDP per capita shows GDP, adjusted for inflation by the GDP deflator, per member of the population.

#### Real household disposable income per capita

Household disposable income equals the total income received, after deduction of taxes on income and wealth and social contributions, and includes monetary social benefits (such as unemployment benefits). It does not include in-kind transfers, such as those related to health and education provided free or at economically insignificant prices by government.

Household disposable income may be used either for final consumption or saving. Disposable income thus represents the maximum amount households can consume without reducing their net wealth (without taking into account holding gains or losses on assets).

Real household income per capita shows household disposable income, adjusted for inflation in household final consumption, per member of the population. Note that households in this release include households and non-profit institutions serving households (e.g. non-profit sports membership clubs) as these cannot be separately identified across all countries.

Because the composition of GDP and household final consumption differs, the evolution of deflators for these two measures can differ, sometimes significantly, particularly in resource rich and export intensive economies. The GDP deflator, for example, includes price changes in exports unlike the deflator for household final consumption which includes only the aggregate price of consumer goods and services acquired by households.

### Country notes

The statistical data in this publication are supplied by and under the responsibility of the relevant statistical authorities. The use of such data by the OECD is without prejudice to the status of or sovereignty over any territory, or to the delimitation of international frontiers and boundaries.

*Japan* – Household income is currently provided by the national statistical authority only once a year. Therefore, it is not available for the most recent quarters.

*France* - Real household income data shown in this release has been compiled by the OECD based on nominal household (and NPISH) income data published by INSEE (see <https://www.insee.fr/en/statistiques/series/110403627?OPERATION=2320962&SECT-INST=2321498%2B2321503>) adjusted with the implicit deflator (price index) of final consumption expenditure of households and NPISHs (based on national currency). Sector accounts data for France are not yet validated by Eurostat due to consistency problems between the sectors.

The estimation method to compile the OECD-total and the Major Seven aggregates is available in the methodological note (see below).

### Further information

Further methodological information can be downloaded from:  
[http://www.oecd.org/sdd/na/QSA\\_Methodological\\_Note.pdf](http://www.oecd.org/sdd/na/QSA_Methodological_Note.pdf)