

Recent Trends of Private Consumption in Italy and Estimates of Probable Modifications in its Pattern for the Years 1965 and 1970 (*)

I. The period after the end of the Second World War was almost everywhere characterised by a remarkably rapid increase in private consumption. This rise was at first stimulated by the necessity to return to a normal standard of living after the privations of the period of hostilities; in several countries of the Western World, however, and in particular in Austria, France, Germany, Greece, Italy and Luxembourg, the movement has continued into the period following the years of post-war reconstruction.

The increase was particularly marked in Italy, where private consumption expenditure at constant prices (1954 lire) rose from 7,243 billion lire in 1950 to 10,122 billions in 1958 — the average compound rate of increase being 4.3% per annum. Since population in the same period grew at an annual average rate of 0.4-0.5%, the increase in *per capita* private consumption after the end of the period of reconstruction was 3.8% per annum (1).

To have a more immediate idea of the significance of these rates for the Italian economy, it is sufficient to recall that, in the period from the Unification of Italy to the eve of the Second World War, as a result of the slow growth of income, aggregate private consumption had increased only at an average annual rate of 1.1-1.2%, and per capita consumption at a rate of about 0.5% (see Table 1). At the same time, in those countries which had fully experienced the industrial revolution,

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(1) If we consider the whole period since the end of the war (1946-1958), the per capita increase averaged 5.7% a year. This compares with an annual average rate of 0.9% for the analogous period (12 years) after the war of 1915-1918.

consumption had expanded rapidly following the growth of income, and its pattern had undergone considerable changes, particularly after the beginning of this century: the proportion of expenditure on prime neces-

TABLE I
THE INCREASE IN PRIVATE CONSUMPTION IN ITALY
BETWEEN 1861 AND 1958 (a)

Period	Private consumption expenditure indices (1861-70=100)		Annual average rate of private total consumption expenditure		Annual average rate of private per capita consumption expenditure	
	Total value	Per capita value (b)	between 1861-70 and each of the other periods	between each period and the previous one	between 1861-70 and each of the other periods	between each period and the previous one
1861-70 . . .	100	100	—	—	—	—
1871-80 . . .	108	101	0.75	0.75	0.10	0.10
1881-90 . . .	113	99	0.61	0.46	-0.04	-0.19
1891-900 . . .	120	99	0.62	0.69	-0.04	..
1901-10 . . .	145	112	0.94	1.90	0.29	1.33
1911-20 . . .	173	124	1.10	1.75	0.44	1.03
1921-30 . . .	206	141	1.21	1.75	0.57	1.22
1931-40 . . .	225	141	1.16	0.87	0.49	0.02
1941-45 . . .	179	106	0.75	-2.99	0.08	-3.39
1946-50 . . .	233	134	1.03	5.47	0.36	4.82
1951-58 . . .	332	184	1.36	5.57	0.68	4.93
1950	270	153	1.18	—	0.50	—
1954	325	179	1.34	4.72	0.66	4.08
1958	378	205	1.45	3.82	0.78	3.31
Variations 1950-58 . . .	—	—	—	4.27	—	3.77

(a) The data used in this table are expressed in terms of constant prices (1938 lire) and are drawn from the following sources: ISTAT, *Indagine Statistica sullo Sviluppo del Reddito Nazionale dell'Italia dal 1861 al 1956*, Annali di Statistica, Series VIII, Vol. 9, Rome, 1957; ISTAT, *Sommario di Statistiche Storiche Italiane 1861-1955*, Rome 1958; ISTAT, *Compendio Statistico Italiano 1959*, Rome, 1959; COMITATO DEI MINISTRI PER IL MEZZOGIORNO, *Relazione al Parlamento*, Rome, 1960.

(b) Calculated on the basis of present population.

sities, and above all on foodstuffs, had gradually decreased, while consumption of goods and services characteristic of a very high standard of living had become progressively more important (2). This was not the

(2) See in this context: E.C.E. *Etude sur la situation économique de l'Europe en 1958*, Genova, 1959, Chapter V.

case in Italy where, owing to the almost stagnant level of per capita consumption, the pattern of expenditure remained unchanged; for eighty years, that is to say from the time of the Unification onwards, about two-thirds of total expenditure — with the exception of some variations due mainly to changes in relative prices — were devoted to foodstuffs, beverages and tobacco.

On the eve of the Second World War, per capita expenditure on private consumption in Italy was barely more than 55% of the average for all present O.E.E.C. countries; this appears even more striking considering that the average includes countries where the standard of living is lower than in Italy (Eire, Turkey, Greece, Portugal).

In the post-war period, after the completion of reconstruction, Italy enjoyed a remarkable growth which stimulated an increase in per capita consumption expenditure: The latter has not only been, as we have said, appreciably higher than in the past, but also one of the highest in the Western world. This rapid rise in consumption has been accompanied by an even greater rise in gross fixed investment, the per capita volume of which increased, as may be seen from Table 2, at an annual average rate of 7.5% between 1950 and 1958 (3).

In this stage of development, the Italian economy has begun to experience that process of substantial change in the pattern of consumption expenditure which had already taken place in industrialized countries some 50-70 years before; if, as is to be expected, the national income keeps growing steadily, this process should gradually acquire momentum in future years.

This study has accordingly been undertaken in order to provide some estimates of the probable evolution of demand for private consumption in the next decade, taking into account the influence of the level of

(3) It is useful to remember that the share of available resources devoted to capital formation has been higher in the post-war period than on the past. This may be seen from the following data — drawn from the same sources as those referred to in note (a) to table 1 — which express gross capital formation as a percentage of gross available resources (in the sense of the Italian national accounting system).

Period	%	Period	%
1861-70	8.29	1931-40	17.26
1871-80	8.23	1941-45	11.04
1881-90	10.73	1946-50	19.25
1891-1900	9.07	1951-54	19.35
1901-10	14.67	1955-58	22.14
1911-20	8.93		
1921-30	15.83	1951-58	20.88

income (or of total consumption expenditure) on the pattern of demand itself.

II. The projections in this paper have been obtained by the use of some consumption functions which have been empirically determined

PRIVATE CONSUMPTION AND GROSS FIXED INVESTMENT
IN SOME WESTERN COUNTRIES IN THE PERIOD 1950-1958 (a)

TABLE 2

Country	Ratio of private consumption to gross resources for internal use		Ratio of gross fixed investment to gross resources for internal use		Average rate of per capita increase per year, for the periods 1950-1958	
	% 1950	% 1958	% 1950	% 1958	Private consumption	Gross fixed investment
Austria	68.43	64.63	19.24	22.10	4.54	7.13
Belgium	74.71	73.20	15.76	15.56	1.17	1.27
Denmark	68.04	69.55	16.82	18.11	1.04	1.71
France	66.47	65.13	16.80	18.27	3.50	4.85
Germany (F.R.) .	60.13	62.10	19.91	22.43	6.27	7.43
Greece (b)	68.77	71.51	15.43	14.03	5.08	3.08
Italy	71.78	66.65	17.14	21.06	3.77	7.47
Luxembourg (b) .	60.04	61.94	24.68	24.49	4.32	3.74
Netherlands . . .	62.01	63.43	19.86	22.52	2.03	3.35
Portugal (c) . . .	73.94	74.87	13.08	15.18	3.47	5.84
Sweden	66.31	61.86	19.42	21.41	1.74	3.88
United Kingdom	71.71	68.49	13.58	15.59	1.52	3.88
Canada	64.50	64.34	21.98	24.07	1.52	2.71
USA	67.46	67.12	17.79	15.62	1.10	- 0.48

(a) The data used in this table are expressed in terms of 1954 prices and are derived from the OEEC, *Statistical Bulletins of the OEEC, General Statistics 1960*, no. II. It should, however, be remembered that gross resources for internal use are defined according to the system of accounting for national income adopted by that organisation.

(b) The data for Greece and Luxembourg refer to the period 1950-1957.

(c) The data for Portugal refer to the period 1952-1958.

using two different sets of statistical data, viz: (a) the results of an investigation into family budgets carried out in 1953 on a sample of 1599 "households" ("famiglie naturali") (4), which may be considered suf-

(4) Households (famiglie naturali) are made up of all the people who live under the same roof, irrespective of the relationship between them. Servants, boarders and all those who normally form part of the "family" are considered to be members of the household. Institutions such as orphanages, barracks, schools etc. ("convivenze stabili") are not included.

ficiently representative for the purposes of the investigation; (b) time-series drawn from the data of national accounts for the period 1950-1958.

These functions establish some relationships between per capita expenditure on certain categories of goods and total consumption per capita. In other words, the variable determining the possible levels of consumption of the various categories of goods and services is taken to be per capita total consumption expenditure alone. After careful consideration, the adoption of other independent variables was decided against for numerous reasons: for example, relative prices were not introduced in the time series analysis owing to the limited number of observations available, and they would have had no significance in the study of family budgets (for, in this case, price differences can be assigned to distribution costs or to the quality of goods and services consumed); on the other hand, other explanatory variables, as for instance the average size of family, the distribution of its members by age or sex, etc., which might have been relevant in the family budget analysis, were not considered to be determining factors for the purpose of the projections.

It was thought better, for two sets of reasons, to adopt total consumption expenditure per capita instead of income per head as the independent variable. (a) Firstly, in investigations carried out by means of family budget surveys, it is very difficult to determine total family income; in this field, therefore, much more significant relationships can be obtained by working with total consumption expenditure. (b) Secondly, the relation of the consumption of a single item to total consumption appears to be more stable than that it is to income because of the variations possible in the marginal propensity to save resulting from unforeseeable causes connected with economic policy.

It appears to follow from this that, in a situation such as that of Italy, with per capita consumption still at relatively low levels (in spite of the considerable increase over the course of the last few years), projections of probable changes in the pattern of consumption should allow for both those elements of qualitative substitution stressed by the functions derived from family budgets, and those dynamic elements which are always included in the analysis of time series, though only implicitly if the functions contain a single independent variable. Since, however, the phenomenon of qualitative substitution rapidly exhausts itself beyond certain limits, it was thought that it would be useful also to make a special study of the data drawn from the family budget survey in order to determine some s-shaped (sigmoid) functions which have recently aroused

some interest because of their characteristic of not exceeding certain levels, called "saturation levels".

In conclusion, the projections for the years 1965 and 1970 are founded on three sets of functions, of which two are derived from family budgets, and one is obtained from the analysis of time series. The projections made with these three types of functions, which incidentally did not present important differences, have been combined so as to obtain, for each of the two projection years, a single series of estimates in which all the factors mentioned above are accounted for.

In order to determine total per capita expenditure on consumption, to be used for 1965 and 1970 as the independent variable of the functions adopted, some hypotheses have been introduced as to the projected increase in gross resources available for internal use, the probable changes in the propensity to consume and the increase in population. In this connection, the fundamental hypothesis of the *Schema di sviluppo dell'occupazione e del reddito* (The Vanoni Plan), according to which gross income will increase at a rate of 5% per annum until 1964, was accepted for the period to which the scheme refers. For the following years, on the contrary, a rate of increase of 4.5% was postulated. Considering the recent changes in the structure of the Italian balance of payments, it has been assumed that such rates can provide a sufficient approximation of the future growth of gross resources available for internal use (5).

With regard to private consumption, the hypothesis has been made that its average ratio to gross resources for internal use would gradually fall from 69% in 1958 (calculated on the basis of 1954 prices) to 65.7% in 1965 and to 64.8% in 1970; thus, the marginal propensity to spend on private consumption would be 52.6% during the first period and then rise to 60.8% during the second.

For population, various projections have been made, based upon different hypotheses; among the various results obtained, the estimate that existing population would increase at an annual average rate of 0.42% between 1958 and 1965 and of 0.33% between 1965 and 1970 was considered sufficiently realistic.

On the basis of these hypotheses, per capita expenditure for private consumption in the period 1958-65 would show an average annual increase of 3.6% — that is, one not much lower than that in the eight years after the end of the reconstruction period; in the following period, 1965-70, the

(5) According to the Italian convention of national accounting.

rate would increase slightly, reaching an average level of 3.8% per year. Per capita consumption expenditure during the period is shown below:

Year	Values Expressed in		
	1953 Lire	1954 Lire	1958 Lire
1958	203,730	207,057	223,095
1965	263,617	266,117	285,339
1970	320,375	321,544	342,172

III. The final results of the projections made according to the criteria put forward above are presented in Table 3 for each of the fourteen classes of expenditure of the classification system adopted in Italian national accounting. As may be seen from the table, and in particular from the indices shown in the last two columns, the pattern of expenditure should undergo important changes in the next decade: food consumption should grow at a rate lower than that of total expenditure whereas demand for other goods and services should evidence a remarkable development.

These changes in pattern appear even more evident from the data of Table 4, which shows that expenditure of food products — which still represented about 46% of total expenditure in 1958 — should gradually diminish to 42.2% in 1965, and to 39.6% in 1970; the average elasticity of the expenditure on these commodities appears to be 0.65 for the period 1958-65 and 0.62 for the period 1958-70 (6). The reduction in the relative weight of this type of consumption is due to the fact that food products compete with each other, since they only satisfy a single need which, although liable to qualitative changes, is always limited with respect to quantity. It is thus very probable that the increase in expenditure under this head occurring in the next few years will be in part determined by a change in the quality of the diet; some products of higher quality will be gradually substituted for others, though the quantity consumed, at least for certain products, will remain almost unchanged.

(6) Average elasticity is the ratio between the percentage increase in expenditure on one type of goods and services and that of total expenditure (the percentage variations are calculated at constant prices).

PRIVATE CONSUMPTION EXPENDITURE PROJECTIONS FOR 1965-1970 TABLE 3

Class	Total Expenditure (Billion 1958 Lire)			Pro Capite Expenditure				
				Value (1958 Lire)			Indices 1958=100	
	1958	1965	1970	1958	1965	1970	1965	1970
1. General Food	4,980	6,058	6,936	101,872	120,382	135,602	118.17	133.11
2. Alcoholic Beverages	713	892	1,041	14,585	17,715	20,346	121.46	139.50
3. Tobacco	482	634	769	9,860	12,605	15,028	127.84	152.41
4. Clothing etc.	1,140	1,567	1,952	23,320	31,135	38,154	133.51	163.61
5. Housing	369	495	614	7,548	9,844	12,010	130.42	159.12
6. Fuel and Electricity	290	403	507	5,932	8,014	9,922	135.09	167.26
7. Household Durables	240	368	497	4,910	7,314	9,726	148.96	198.09
8. Non-durable Household Goods and Personal Services	399	504	601	8,162	10,009	11,759	122.63	144.07
9. Expenditure on Health and Hygiene	397	530	651	8,121	10,531	12,731	129.67	156.77
10. Transport	761	1,259	1,785	15,567	25,016	34,890	160.70	224.13
a) Purchase of Vehicles	134	221	317	2,741	4,305	6,202	160.33	226.29
b) Use of Private Vehicles	345	631	936	7,057	12,527	18,287	177.51	259.13
c) All Other Means of Transport	282	407	532	7,507	8,094	10,401	140.31	180.29
11. Communications	101	169	236	5,769	3,347	4,612	162.00	223.25
12. Hotels, Restaurants etc.	303	428	545	2,066	8,496	10,650	137.08	171.83
13. Entertainment	556	789	1,013	6,198	15,686	19,801	137.91	174.09
a) Books and Newspapers	187	257	325	11,374	5,109	6,344	133.56	165.86
b) Cinemas, Theatres, Sport etc.	218	306	392	3,825	6,091	7,663	136.56	171.81
c) Other expenditure of a recreative and cultural nature	151	226	296	4,460	4,486	5,794	145.22	187.57
14. Other goods and services	175	264	355	3,082	5,245	6,944	146.51	193.97
<i>Total</i>	10,906	14,360	17,502	223,095	285,339	342,175	127.90	153.38

On the other hand, consumption of non-food products and of services is qualitatively more differentiated, and will become more so in the future as a consequence of technical progress and it is directed to the satisfaction of wants which are in great part complementary rather than competitive: hence its saturation level is much higher than that of food products. It should not, moreover, be forgotten that when disposable income increases individuals tend to satisfy to a larger extent needs less

COMPOSITION AND ELASTICITIES OF PRIVATE CONSUMPTION EXPENDITURE IN THE PERIOD 1958-1970 (a)

Class	% Composition			Average Elasticity	
	1958	1965	1970	1958-1965	1958-1970
1. General Food	45.66	42.19	39.63	0.65	0.62
2. Alcoholic Beverages	6.54	6.21	5.95	0.77	0.74
3. Tobacco	4.42	4.42	4.39	1.00	0.98
4. Clothing	10.45	10.91	11.15	1.20	1.19
5. Housing	3.38	3.45	3.51	1.09	1.10
6. Fuel and Electricity	2.66	2.81	2.90	1.26	1.26
7. Household Durables	2.20	2.56	2.84	1.75	1.84
8. Non-durable Household Goods and Personal Services	3.66	3.50	3.44	0.81	0.83
9. Expenditure on Health and Hygiene	3.64	3.69	3.72	1.06	1.06
10. Transport	6.98	8.77	10.19	2.18	2.33
a) Purchase of Vehicles	1.23	1.54	1.81	2.16	2.37
b) Use of Private Vehicles	3.16	4.39	5.34	2.78	2.98
c) All Other Means of Transport	2.59	2.84	3.04	1.45	1.51
11. Communications	0.93	1.17	1.35	2.22	2.31
12. Hotels, Restaurants etc.	2.78	2.98	3.11	1.33	1.35
13. Entertainment	5.10	5.50	5.79	1.36	1.39
a) Books and Newspapers	1.71	1.79	1.86	1.20	1.23
b) Cinemas, Theatres, Sport etc.	2.00	2.14	2.24	1.31	1.35
c) Other expenditure of a recreative or cultural nature	1.39	1.57	1.69	1.62	1.64
14. Other Goods and Services	1.60	1.84	2.03	1.67	1.76
<i>Total</i>	100.00	100.00	100.00	1.00	1.00

(a) Percentage composition and average elasticities are calculated on values expressed in 1958 lire.

urgent than that for food — this being another reason for the more rapid growth of non-food consumption. An indirect factor contributing to this movement is the so-called demonstration effect, which, other conditions being equal, affects especially non-food consumption; technical progress, which provides the consumer with new products and services, thus leading to the "creation" of new wants, has an influence in the same direction.

The substantial difference between the increases in the consumption of non-food goods and that of food products also appears from Table 5, which summarizes, for some of the principal classes of goods and services, the changes which took place in the eight years between 1950 and 1958,

TABLE 5

CHANGES IN PER CAPITA PRIVATE CONSUMPTION EXPENDITURE
FOR THE MAIN CLASSES OF PRODUCTS IN THE PERIOD 1950-1958
AND PROJECTIONS FOR 1965 AND 1970

Main Classes	Indices (1950=100)				Average annual rate of increase (%)		
	1950	1958	1965	1970	1950-1958	1958-1960	1965-1970
A. Food products (a)	100.00	129.58	153.12	172.48	3.29	2.41	2.41
B. Other goods and services	100.00	137.43	187.01	234.19	4.05	4.50	4.60
of which:							
<i>Clothing, etc.</i>	100.00	117.74	157.19	192.63	2.06	4.22	4.15
<i>Fuel and electricity</i>	100.00	188.10	245.10	314.62	8.22	4.39	4.36
<i>Household durables</i>	100.00	177.55	264.48	351.71	7.44	5.86	5.87
<i>Transport</i>	100.00	206.36	331.62	462.51	9.48	7.01	6.88
<i>Entertainment</i>	100.00	138.16	190.54	240.52	4.12	4.70	4.77

(a) Excluding tobacco and alcoholic beverages, which are included in the class "Other goods and services".

and which are also likely to take place in the period of the projection. Taking the per capita expenditure as 100 for each class of goods and services indicated in the table, the corresponding indices at the various relevant dates have been determined; in order to make the comparison easier between different time intervals, the average compound rate of increase per year for each class has also been calculated.

From Table 5 it may be seen, first of all, that expenditure on food products — which still represents, as has been said above, a large proportion of Italian total consumption — should increase during the period of the projections at an average rate of 2.4% per year, at markedly lower rate, that is, than that of the last few years (3.3% between 1950 and 1958). Since expenditure on foodstuffs will increase, as has been said, proportionally less than overall expenditure (which should grow at 3.6% per year in the period 1958-65, and at 3.8% per annum in the following

period), the rise in total non-food expenditure will be comparatively greater. The latter, in fact, should grow at an annual average rate of 4.5% in the period 1958-65 and of 4.6% in the five years from 1965 to 1970; it must be remembered that the rate of increase in the period 1950-1958 was about 4% per year.

Of the various classes of non-food expenditure, *transport* should show the greatest increase in expenditure in future years. Expenditure under this head, which includes that for the purchase and use of personal vehicles as well as that for all other means of transport, will increase at a rate of about 7% per year in the period 1958-1965 and of 6.9% in the following one. These rates should not cause surprise: it must be remembered that the average rate of increase in the last eight years was 9.5% per year. In these years, expenditure for the purchase of vehicles has more than doubled (7) while expenditure on vehicle-use — owing both to the rise in the number of vehicles (8) and to their increased use — has quadrupled. The increase in expenditure on other transport services — which includes expenditure for all other means of transport, by land (local and long distance), air and sea — has on the contrary been smaller (32.6%). Expenditure for vehicle-use should also increase in the future at a higher rate than that for the other two items included in this class, but the difference between the respective rates of increase will narrow considerably.

A further class of expenditure which, according to the projections, will show considerable growth over the period is that of *household durables*. The elasticity of consumption of these products is rather high in Italy, as in other countries; moreover, comparing the levels of expenditure actually attained in Italy with those of almost all other European countries, it seems clear that a considerable expansion is to be expected in this field. Between 1950 and 1958, expenditure on such goods showed an overall increase of about 78%, with increasing rates of growth. Such an expansion is largely due to the more and more rapid diffusion of domestic electric appliances in general and of radio and television sets in particular (9). As regards future years, the results of the projections

(7) New vehicle registrations have increased from 79,826 in 1950 to 209,215 in 1958, (registrations with the P.R.A., the Italian official licensing body); A.C.I. (Italian Automobile Club) *Statistiche Automobilistiche* 1958, Rome, 1960.

(8) Vehicles subject to the circulation tax increased from 342,021 in 1950 to 1,392,525 in 1958. A.C.I. *Statistiche* etc., *op. cit.*

(9) According to available statistics, wireless licences increased from 3,135,195 at the end of 1950 to 7,138 at the end of 1958, with an average annual increase of 10.8%. Televi-

show, for this class, an average rate of increase of 5.9% per annum, as against the average of 7.4% in the period 1950-1958.

Expenditure on *entertainments* will also increase, over the period, more than proportionally to total consumer expenditure. This class includes, as is known, expenditure on cinemas, theatres and sport, on various other entertainments and on the purchase of books and newspapers. Between 1950 and 1955, expenditure under this head showed a remarkable expansion, with an overall increase of about 35%; in the following years, on the other hand, the rate of increase fell noticeably, probably as a result of the spread of television so that in 1958 the increase over 1950 was 38.2%, corresponding to an average compound rate of 4.1% per year for the whole period.

This class of expenditure, however, having rather high elasticities, will probably rise shortly in the future, though still presenting more or less marked oscillations. The rate of increase for the projection period comes out at 4.7% per year.

Expenditure for *fuel and electricity* will probably also show remarkable increases in future years. Various factors have contributed to the considerable rise which has occurred in the past, and there is no reason to think that the same factors should not also exercise some influence in future years. One cause is to be found in the great expansion of house-building between 1950 and 1958. Another factor of some relevance is the shift in the sources of energy used domestically: the proportion of energy-needs satisfied by the use of poor-quality fuels (such as wood) has fallen noticeably in the last few years — and will diminish further in the future, especially in the towns — in favour of more expensive sources such as coal, fuel oil, electric energy and liquified gas. As far as electricity, in particular, is concerned, it is to be remembered that the remarkable increase in consumption has been stimulated by the gradual extension of the electric grid to mountain and country districts not previously served, and by the spread of domestic electric appliances, especially in the towns. The projections for this class of expenditure show an average rate of increase of 4.4%, as against 8.8% for the period 1950-1958.

One class of expenditure, finally, which deserves particular note is that of *clothing*. Per capita expenditure under this head shows wide annual oscillations for the period 1950-1958. These short period move-

sion licences, instead, increased from 88,118 in 1954 — the year in which regular transmissions began — to 1,096,185 in 1958, with an average rate of increase of 87.8% per year. See RAI (the Italian Broadcasting Corporation), *Gli abbonamenti alle radioaudizioni nel 1953*, Turin, 1954, and *Gli abbonamenti alle radiodiffusioni nel 1958*, Turin, 1959.

TABLE 6
COMPOSITION AND ELASTICITIES OF PRIVATE CONSUMPTION EXPENDITURE
IN ITALY AND IN OTHER COUNTRIES (a)

Countries	Period	Food (b)	Clothing	Housing	Durable goods	Other goods and services	Total
A. Composition of consumption (%)							
OEEC	1950	36.68	13.23	6.83	6.23	37.03	100.00
	1958	35.79	12.67	6.43	8.95	36.16	100.00
ECM	1950	38.09	14.11	5.91	6.27	35.57	100.00
	1958	36.19	13.81	5.46	9.10	35.44	100.00
Belgium	1950	28.89	13.01	13.65	8.50	35.95	100.00
	1958	29.53	10.13	13.16	9.46	37.50	100.00
France	1950	40.00	13.15	4.61	4.72	37.52	100.00
	1958	37.28	13.44	4.16	8.56	36.56	100.00
Italy	1950	47.52	12.51	2.72	2.71	34.54	100.00
	1954	46.87	11.55	2.38	3.38	35.82	100.00
	1958	46.06	11.02	2.27	3.78	36.87	100.00
	1965	42.55	11.50	2.32	4.52	39.11	100.00
	1970	39.96	11.75	2.36	5.12	40.81	100.00
Netherlands . . .	1950	33.04	18.29	6.87	7.61	34.19	100.00
	1958	32.51	17.54	6.81	11.36	31.78	100.00
United Kingdom .	1950	32.53	11.08	8.48	5.97	41.94	100.00
	1958	31.59	10.21	8.20	9.06	40.94	100.00
USA	1950	24.14	10.44	11.51	12.12	41.79	100.00
	1958	22.31	10.16	13.18	10.16	43.19	100.00
B. Average elasticity							
OEEC	1950-58	0.91	0.84	0.78	2.67	0.91	1.00
ECM	1950-58	0.84	0.93	0.74	2.42	0.99	1.00
Belgium	1950-58	1.17	-0.55	0.73	1.86	1.33	1.00
France	1950-58	0.76	1.08	0.67	3.81	0.91	1.00
Italy	1950-54	0.91	0.54	0.25	2.49	1.22	1.00
	1954-58	0.88	0.67	0.69	1.84	1.21	1.00
	1950-58	0.89	0.58	0.42	2.40	1.24	1.00
	1958-65	0.65	1.20	1.09	1.88	1.28	1.00
	1965-70	0.65	1.13	1.10	1.78	1.25	1.00
Netherlands . . .	1950-58	0.93	0.82	0.96	3.14	0.69	1.00
United Kingdom .	1950-58	0.79	0.44	0.76	4.73	0.83	1.00
USA	1950-58	0.83	0.87	1.72	0.20	1.17	1.00

(a) The data used in this Table are expressed in terms of constant prices (1954 lire) and are drawn from OEEC *Statistical Bulletins*, etc., *op. cit.* (b) Excluding tobacco and alcoholic beverages, which are included in the class "Other goods and services".

ments might be explained, in part, by the fact that the products included in this class are of varying durability and that their replacement might therefore happen to be concentrated in certain years and be very low in others. Another possible and perhaps more important explanation of this phenomenon, which also applies — though not to the same degree — to other classes of goods, might be that consumption expenditure is determined, for Italian national accounting purposes, on the basis of the availabilities of single groups of goods: hence, annual variations often reflect the cyclical movements of the supply situation rather than of effective demand. According to the projections made, this class of expenditure should increase at an annual average rate of 4.2% between 1958 and 1970, as opposed to the 2.1% of the period 1950-1958.

It would seem from the above that, over the period to which the projections refer, household expenditure on the various classes of goods and services considered above will show very different increases; this should lead to a noticeable change in the pattern of private consumption expenditure: at the end of the period, that is to say towards 1970, this pattern should not be too different from that which is found at the present time in some countries with higher per capita income levels (see Table 6).

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