however, that the Bank has gradually come over to this view in recent times.

A final word of comment on the comparative facilities available to American and to European exporters seems now appropriate. In the present state of affairs, the facilities available in the United States appear more satisfactory for longer-term credits, while there is an element of superiority, as far as short and medium-term credits and guarantees are concerned, in the European institutions' longer experience. There is no doubt, however, that the growing awareness of these elements of difference is stimulating both sides to fill any gaps which may still exist. It is to be hoped that the gradual elimination of such differences will in the future make possible better co-operation in this field between the United States and the major European countries, in the interest of both the exporters and the importers in less developed countries.

Bruxelles

Claudio Segre

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 10,482 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 3.3% 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,

(*) This article slightly modified is the first part of a study entitled: Salva sui consumi privati in Italia nel prossimo decennio (Estimate of private consumption in Italy in the next ten years) which is published by SVIMEZ (Associazione per lo sviluppo economico del Mezzogiorno - Centro per gli studi sullo sviluppo economico), A. Giuffrida, Rome, 1966.

(1) If we consider the whole period since the end of the war (1946-1957), the per capita increase averaged 5.7% a year. This compares with an annual average rate of 0.9% for the analogous period (14 years) after the war of 1919-1938.
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-

THE INCREASE IN PRIVATE CONSUMPTION IN ITALY
BETWEEN 1861 AND 1998 (a)

<table>
<thead>
<tr>
<th>Period</th>
<th>Total value</th>
<th>Per capita expenditure (89)</th>
<th>Annual average rate of private total consumption expenditure</th>
<th>Annual average rate of private per capita consumption expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1861-70</td>
<td>100</td>
<td>100</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1871-80</td>
<td>108</td>
<td>101</td>
<td>0.75 (0.75)</td>
<td>0.75 (0.75)</td>
</tr>
<tr>
<td>1881-90</td>
<td>113</td>
<td>99</td>
<td>0.61 (0.46)</td>
<td>0.46 (0.46)</td>
</tr>
<tr>
<td>1891-100</td>
<td>120</td>
<td>99</td>
<td>0.62 (0.69)</td>
<td>—</td>
</tr>
<tr>
<td>1901-10</td>
<td>112</td>
<td>99</td>
<td>0.94 (1.00)</td>
<td>1.00 (1.00)</td>
</tr>
<tr>
<td>1911-20</td>
<td>117</td>
<td>100</td>
<td>1.10 (1.05)</td>
<td>1.05 (1.05)</td>
</tr>
<tr>
<td>1921-30</td>
<td>109</td>
<td>100</td>
<td>1.27 (1.05)</td>
<td>—</td>
</tr>
<tr>
<td>1931-40</td>
<td>106</td>
<td>100</td>
<td>1.10 (1.20)</td>
<td>—</td>
</tr>
<tr>
<td>1941-50</td>
<td>105</td>
<td>100</td>
<td>0.75 (1.20)</td>
<td>1.20 (1.20)</td>
</tr>
<tr>
<td>1951-60</td>
<td>120</td>
<td>100</td>
<td>1.87 (1.20)</td>
<td>1.20 (1.20)</td>
</tr>
<tr>
<td>1961-70</td>
<td>125</td>
<td>100</td>
<td>1.87 (1.20)</td>
<td>1.20 (1.20)</td>
</tr>
<tr>
<td>1971-80</td>
<td>125</td>
<td>100</td>
<td>1.20 (1.20)</td>
<td>1.20 (1.20)</td>
</tr>
<tr>
<td>1981-90</td>
<td>125</td>
<td>100</td>
<td>1.20 (1.20)</td>
<td>1.20 (1.20)</td>
</tr>
<tr>
<td>1991-00</td>
<td>125</td>
<td>100</td>
<td>1.20 (1.20)</td>
<td>1.20 (1.20)</td>
</tr>
</tbody>
</table>


(b) Calculated on the basis of present population.

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 7.3% between 1990 and 1998 (c).

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

(c) 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 2 — which expresses gross capital formation as a percentage of gross available resources (in the sense of the Italian national accounting system).

<table>
<thead>
<tr>
<th>Period</th>
<th>%</th>
<th>Period</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1861-70</td>
<td>8.49</td>
<td>1941-50</td>
<td>17.36</td>
</tr>
<tr>
<td>1871-80</td>
<td>8.23</td>
<td>1941-50</td>
<td>11.04</td>
</tr>
<tr>
<td>1881-90</td>
<td>10.73</td>
<td>1941-50</td>
<td>11.04</td>
</tr>
<tr>
<td>1891-100</td>
<td>9.07</td>
<td>1941-50</td>
<td>11.04</td>
</tr>
<tr>
<td>1901-10</td>
<td>11.07</td>
<td>1951-55</td>
<td>19.35</td>
</tr>
<tr>
<td>1911-20</td>
<td>11.07</td>
<td>1951-55</td>
<td>19.35</td>
</tr>
<tr>
<td>1921-30</td>
<td>9.03</td>
<td>1951-55</td>
<td>23.14</td>
</tr>
<tr>
<td>1931-40</td>
<td>15.83</td>
<td>1951-55</td>
<td>20.88</td>
</tr>
</tbody>
</table>

(2) See in this context: E.C.E. Etude sur la situation économique de l'Europe en 1993, Genoa, 1993, Chapter V.
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

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate of private consumption in gross national product</th>
<th>Rate of gross fixed investment in gross national product</th>
<th>Average rate of per capita increase per year for the periods 1950-1958</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>65.43</td>
<td>64.63</td>
<td>22.10</td>
</tr>
<tr>
<td>Belgium</td>
<td>72.12</td>
<td>66.55</td>
<td>16.76</td>
</tr>
<tr>
<td>Denmark</td>
<td>66.04</td>
<td>65.45</td>
<td>16.07</td>
</tr>
<tr>
<td>France</td>
<td>66.47</td>
<td>65.13</td>
<td>16.89</td>
</tr>
<tr>
<td>Germany</td>
<td>69.28</td>
<td>66.43</td>
<td>19.98</td>
</tr>
<tr>
<td>Greece</td>
<td>68.79</td>
<td>71.31</td>
<td>14.83</td>
</tr>
<tr>
<td>Italy</td>
<td>71.78</td>
<td>66.85</td>
<td>17.44</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>71.09</td>
<td>63.54</td>
<td>24.68</td>
</tr>
<tr>
<td>Netherlands</td>
<td>63.01</td>
<td>63.43</td>
<td>19.89</td>
</tr>
<tr>
<td>Portugal</td>
<td>72.94</td>
<td>74.57</td>
<td>13.88</td>
</tr>
<tr>
<td>Sweden</td>
<td>66.31</td>
<td>62.86</td>
<td>19.42</td>
</tr>
<tr>
<td>United States</td>
<td>62.49</td>
<td>63.49</td>
<td>15.93</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>64.50</td>
<td>64.34</td>
<td>21.98</td>
</tr>
<tr>
<td>USA</td>
<td>67.46</td>
<td>67.12</td>
<td>17.29</td>
</tr>
</tbody>
</table>

(6) The data used in this table are expressed in terms of 1950 prices and are derived from the OECD, Statistical Bulletin of the OECD, General Statistics 1960, no. 14. It should, however, be remembered that gross national product is defined according to the system of accounting for current income adopted by that organisation.


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

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 1968, 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 63% 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 32.6% 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 rate would increase slightly, reaching an average level of 3.8% per year. Per capita consumption expenditure during the period is shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>1958</th>
<th>1954</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1954 Lire</td>
<td>1955 Lire</td>
<td>1956 Lire</td>
</tr>
<tr>
<td>1958</td>
<td>203,730</td>
<td>207,057</td>
<td>223,095</td>
</tr>
<tr>
<td>1965</td>
<td>264,017</td>
<td>266,112</td>
<td>285,339</td>
</tr>
<tr>
<td>1970</td>
<td>330,575</td>
<td>371,544</td>
<td>342,773</td>
</tr>
</tbody>
</table>

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 40% of total expenditure in 1958 — should gradually diminish to 32.3% in 1965, and to 29.6% in 1970; the average elasticity of the expenditure on these commodities appears to be 0.68 for the period 1958-65 and 0.62 for the period 1965-70 (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.

(5) 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).
### Table 3

<table>
<thead>
<tr>
<th>Class</th>
<th>Total Expenditure (Billion 1958 Lire)</th>
<th>Per Capita Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. General Food</td>
<td>4,946</td>
<td>6,239</td>
</tr>
<tr>
<td>2. Alcoholic Beverages</td>
<td>713</td>
<td>820</td>
</tr>
<tr>
<td>3. Tobacco</td>
<td>428</td>
<td>534</td>
</tr>
<tr>
<td>4. Clothing etc.</td>
<td>1,749</td>
<td>1,659</td>
</tr>
<tr>
<td>5. Housing</td>
<td>359</td>
<td>395</td>
</tr>
<tr>
<td>6. Fuel and Light</td>
<td>207</td>
<td>205</td>
</tr>
<tr>
<td>hold Goods and Per-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sonal Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Expenditure on Health and Hygiene</td>
<td>999</td>
<td>704</td>
</tr>
<tr>
<td>10. Transport</td>
<td>761</td>
<td>1,235</td>
</tr>
<tr>
<td>11. Communications</td>
<td>928</td>
<td>407</td>
</tr>
<tr>
<td>12. Hotels, Restaurants etc.</td>
<td>324</td>
<td>548</td>
</tr>
<tr>
<td>13. Amusement</td>
<td>559</td>
<td>785</td>
</tr>
<tr>
<td>14. Books and Newspapers</td>
<td>187</td>
<td>257</td>
</tr>
<tr>
<td>15. Cinemas, Theatres, Sport etc.</td>
<td>248</td>
<td>358</td>
</tr>
<tr>
<td>16. Other goods and services</td>
<td>175</td>
<td>264</td>
</tr>
<tr>
<td>Total</td>
<td>10,906</td>
<td>14,536</td>
</tr>
</tbody>
</table>

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 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 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.

### Table 4

<table>
<thead>
<tr>
<th>Class</th>
<th>% Composition</th>
<th>Average Elasticity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. General Food</td>
<td>45.66</td>
<td>35.19</td>
</tr>
<tr>
<td>2. Alcoholic Beverages</td>
<td>6.54</td>
<td>6.24</td>
</tr>
<tr>
<td>3. Tobacco</td>
<td>4.42</td>
<td>4.42</td>
</tr>
<tr>
<td>4. Clothing</td>
<td>10.45</td>
<td>10.45</td>
</tr>
<tr>
<td>5. Housing</td>
<td>3.38</td>
<td>3.45</td>
</tr>
<tr>
<td>6. Fuel and Electricity</td>
<td>2.66</td>
<td>2.81</td>
</tr>
<tr>
<td>7. Household Durables</td>
<td>2.80</td>
<td>2.80</td>
</tr>
<tr>
<td>8. Non-durable Household Goods and Personal Services</td>
<td>3.66</td>
<td>3.59</td>
</tr>
<tr>
<td>9. Expenditure on Health and Hygiene</td>
<td>3.64</td>
<td>3.59</td>
</tr>
<tr>
<td>10. Transport</td>
<td>6.68</td>
<td>6.77</td>
</tr>
<tr>
<td>11. Communications</td>
<td>1.21</td>
<td>1.54</td>
</tr>
<tr>
<td>12. Hotels, Restaurants etc.</td>
<td>3.18</td>
<td>3.20</td>
</tr>
<tr>
<td>13. Amusement</td>
<td>5.20</td>
<td>5.70</td>
</tr>
<tr>
<td>14. Books and Newspapers</td>
<td>1.71</td>
<td>1.79</td>
</tr>
<tr>
<td>15. Cinemas, Theatres, Sport etc.</td>
<td>2.10</td>
<td>2.14</td>
</tr>
<tr>
<td>16. Other goods and services</td>
<td>1.60</td>
<td>1.64</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Main Classes</th>
<th>Indices (1950 = 100)</th>
<th>Average annual rate of increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Food products (a)</td>
<td>100.00</td>
<td>129.58</td>
</tr>
<tr>
<td>B. Other goods and services</td>
<td>100.00</td>
<td>137.43</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing, etc.</td>
<td>100.00</td>
<td>117.99</td>
</tr>
<tr>
<td>Fuel and electricity</td>
<td>100.00</td>
<td>166.10</td>
</tr>
<tr>
<td>Household durables</td>
<td>100.00</td>
<td>177.35</td>
</tr>
<tr>
<td>Transport</td>
<td>100.00</td>
<td>206.36</td>
</tr>
<tr>
<td>Entertainment</td>
<td>100.00</td>
<td>138.16</td>
</tr>
</tbody>
</table>

(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 6.5% in the period 1958-65 and of 6.8% 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 6.8% 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 28% 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 59,886 in 1950 to 209,515 in 1958, (registrations with the P.R.A., the Italian official licensing body); A.C.I. (Italian Automobile Club) Statistiche Automobile 1957, Rome, 1958.

(8) Vehicles subject to the circulation tax increased from 314,921 in 1950 to 1,299,525 in 1958. A.C.I. Statistiche etc., op. cit.

(9) According to available statistics, wireless licensees increased from 3,125,395 at the end of 1950 to 7,178 at the end of 1958, with an average annual increase of 15.8%. Yolow
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 4.7% 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 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-

<table>
<thead>
<tr>
<th>Countries</th>
<th>Period</th>
<th>Food (b)</th>
<th>Clothing</th>
<th>Hunting</th>
<th>Durable goods</th>
<th>Other goods and services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEEC</td>
<td>1950</td>
<td>12.21</td>
<td>7.83</td>
<td>6.23</td>
<td>37.03</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>ECEC</td>
<td>1950</td>
<td>12.21</td>
<td>7.83</td>
<td>6.23</td>
<td>37.03</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>1950</td>
<td>12.21</td>
<td>7.83</td>
<td>6.23</td>
<td>37.03</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>1950</td>
<td>12.21</td>
<td>7.83</td>
<td>6.23</td>
<td>37.03</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>1950</td>
<td>12.21</td>
<td>7.83</td>
<td>6.23</td>
<td>37.03</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1950</td>
<td>12.21</td>
<td>7.83</td>
<td>6.23</td>
<td>37.03</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>1950</td>
<td>12.21</td>
<td>7.83</td>
<td>6.23</td>
<td>37.03</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Average elasticity</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEEC 1950-58</td>
</tr>
<tr>
<td>ECEC 1950-58</td>
</tr>
<tr>
<td>Belgium 1950-58</td>
</tr>
<tr>
<td>France 1950-58</td>
</tr>
<tr>
<td>Italy 1950-58</td>
</tr>
<tr>
<td>Netherlands 1950-58</td>
</tr>
<tr>
<td>United Kingdom 1950-58</td>
</tr>
<tr>
<td>USA 1950-58</td>
</tr>
</tbody>
</table>

(a) The data used in this Table are expressed in terms of constant prices (1954 lire) and are drawn from OEEE 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 4.3% 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).

Rome

Camillo Righi