

Stencil från



Future Consumption in Sweden

by

Ragnar Bentzel

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Introductory

The development of consumption in Sweden has been analysed in a series of different studies at the Industrial Institute for Economic and Social Research.¹⁾ Most of these studies have ended with forecasts of the future consumption pattern, although a few have been limited to analysis of past development. The forecasts presented in this paper are a sequel to this series of investigations. They are to a large extent based on the experiences and results of the earlier studies and the same general principles of forecasting have been adopted.

This paper is divided into 5 sections. In order to give a general background to the forecasts, the first section gives a short description of the development in Swedish consumption patterns during the last three decades. Section II is concerned with the methods used in the study. The general assumptions underlying the forecasts are described in section III. A detailed description of the calculations, commodity by commodity, is given in section IV. The last section is devoted to a summing-up of the forecasts.

1) R. Bentzel et al.: Den privata konsumtionen i Sverige 1931-65. (The Private Consumption in Sweden 1931-65.) Stockholm 1957.

R. Bentzel: The Private Consumption in Sweden. Skandinaviska Banken, Quarterly Review 1957:4.

J. Ekström: Den textila konsumtionen. (The Consumption of Textiles) Stockholm 1958.

J. Wallander: Studier i bilismens ekonomi. (Studies in the Economic Effects of Motoring.) Stockholm 1958.

G. Albinsson et al.: IUI:s konsumtionsprognos för år 1965. En granskning och revidering. (IUI:s Consumption Forecast for 1965. A checking and an adjustment.) Stockholm 1960.

Å. Sundström-J. Ekström: Dryckeskonsumtionen i Sverige. (The Consumption of Beverages in Sweden.) Stockholm 1962.

G. Albinsson: Svensk populärpress 1931-61. (Popular Magazines in Sweden 1931-61.) Stockholm 1962

I. The development of consumption 1931-60

During the last three decades Sweden has undergone a thorough economic and social transformation. At the close of the 1920's the country was still comparatively poor with a standard of living considerably lower than that of the more advanced western European states. Since then, however, there has been a rapid and steady economic growth and now Sweden is considered to have the highest standard of living in Europe. The complex causes behind this favourable development are not of concern here, although it should be remembered, that the country had the immense advantage of avoiding destruction during the second world war.

Growth in the Swedish economy has been combined with a growth in the share of national income devoted to capital formation. The investment ratio increased from 19 percent in 1931 to 35 percent in 1960. Even public consumption has come to claim an increasing share; as a result the share of income going to private consumption has been considerably reduced. Whereas in the beginning of the 1930's the share of private consumption amounted to 74 percent, by 1960 it was under 55 percent.

The increase in the volume of private consumption between 1931 and 1960 was about 110 percent. As the population of the country climbed during this period from 6,2 to 7,5 million, the growth in consumption per head was somewhat less about 73 percent. This implies, if the war years are disregarded, an average yearly increase of about 2,4 percent.

A rising standard of living is usually accompanied by several changes in the pattern of consumption. What has happened in Sweden is shown, roughly, in the diagram below, which illustrates the growth in the volume of consumption per head of certain traditional groups of goods and services: food, beverages, housing, etc. In order to make the diagram easy to read only the years 1931, 1938, 1946, 1954 and 1960 have been considered; these are spaced along the horizontal axis not according to a time scale, but to one, which represents the volume per head of total private consumption.

Volume of consumption per capita for different goods and services
1931-1960. Index 1931 = 100

Year	Food	Beverages and tobacco	Clothing	Housing	Durable goods	Travel	Total consumption
1931	100	100	100	100	100	100	100
1938	103	105	122	114	145	160	116
1946	113	104	159	129	179	165	132
1954	115	115	172	164	199	320	152
1960	117	126	201	192	287	422	173

During the period under investigation the consumption of food increased by about 50 percent - i.e. considerably less than total private consumption. Despite this limited growth in volume, the share of consumer spending devoted to food decreased only moderately, from 30 to 26 percent; this reflects the fact that food prices have risen more than the average.

Within the food category, consumption of cereals and vegetables has grown more rapidly than consumption of animal foods. The growth in the former of these groups is accounted for, in large part, by a sharp increase in purchases of bread and pastries, together with vegetables and fruits, partly offset by a reduction in purchases of flour and potatoes. Within the animal group there has been a less clearly differentiated development. Most of the items have increased moderately. However, among meats and fish, there has been a marked switch from fresh, raw foods to tinned, frozen and ready-cooked food.¹⁾

An increase in the volume of food consumed does not mean that the calorie intake has also increased. In fact, it has decreased since the 1930's. The growth in volume must be seen, instead, as the result of changes in the distribution of food purchases.

For beverages and tobacco there was a moderate growth in volume, of 53 percent from 1931 to 1960. Moreover, the price of these goods rose considerably. This is particularly true of the prices of alcoholic drinks which have been burdened with successively higher taxes. It must also be mentioned that, until 1955, spirits were subject to rationing.

The volume of consumption of housing (including fuel and light) increased during the first part of the observed period rather slowly. It gained speed, however, during the latter part of the period, and the total growth in volume from 1931 to 1960 amounted to 133 percent. Since 1942 rent has been subject to control. This rent policy has led to an extensive housing shortage that still prevails.

The consumption of clothing increased quite rapidly until 1948. Then there was a period of stagnation that lasted until the middle of the 1950's. Since then consumption has gone up at its "normal" pace. The total growth in volume between 1931 and 1960 amounts to 144 percent.

1) This transfer is probably somewhat underestimated in the available statistical material.

Within the clothing group, strong structural changes have taken place. Purchases of ready-made clothing and knitted goods have expanded exceedingly fast; in volume terms these items have nearly quadrupled. This increase has, obviously, been at the expense of purchases of yarn, cloth and tailored articles. The growth in the volume of the last group has been quite moderate - only about 50 per cent.

Purchases of durable goods (other than transport equipment) have quadrupled during the period under investigation. But development has been rather irregular and three sub-periods can be distinguished when the underlying rising trend was broken: during the depression of the thirties; during the war, and during the first half of the 1950's.

The durable-goods category is a heterogeneous one and it is not surprising that development has differed from item to item. Purchases of some goods, e.g. musical instruments, more simple kitchen equipment, chinaware, have grown comparatively little; by contrast furniture household textiles, toys, and sports goods have grown rapidly. But the most rapid expansion has been in the group of electrical goods such as radios, vacuum cleaners, washing machines etc.

Television was introduced rather late in Sweden; regular transmissions started in 1956. After this, however, television ownership spread very rapidly, especially during 1958, 1959 and 1960. At the present time 1962, more than one out of two Swedish households owns a television-set.

Travel is another rapidly expanding category: the volume has grown fivefold. This development is, of course, mainly due to the expansion of motoring. The number of passenger cars in Sweden amounted to 1,2 million at the end of 1960 against only 100 thousand at the beginning of the 1930's. Sweden has now more passenger cars in relation to its population than any other country in Europe. At the end of the 1950's there were 159 cars per 1000 inhabitants.

Public transport services grow quite fast until the beginning of the 1950's. Then began a stagnation, which, after the middle of the 1950's became a downturn.

The Swedish sickness and health services have been strongly subsidized during the observed period. In 1955 a compulsory sick insurance was introduced which entitled the sick to a refund amounting to the larger part of their expenses for hospital care, doctors' fees and medicine. The contributions which are paid by individuals for this insurance do not cover costs, however; the principal part of the costs is financed from taxes.

It is evident that the concept of volume, where care of the sick is concerned, is difficult to define - it is even, perhaps, meaningless. This is why no volume curve for medical care has been included in the diagram above. It may be sufficient to mention that private expenditures for sick and medical care increased from 1,8 percent of the private consumer's total outlay at the beginning of the 1930's to 3,1 percent. In 1960 the total expenditure in Sweden for sick and health care was approximately three times as large as the amount paid by private consumers.

The remaining goods and services form a set of completely dissimilar items which, as a group, increased in volume by 95 percent from 1931 to 1960. Within the group, personal services - such as those performed by maids, restaurant personnel and barbers - were either static or decreased.

The changes in consumption since the beginning of the 1930's can, for a large part, be described as a switch from necessities to more dispensable items. This change has shown itself in a relatively small growth in the consumption of most foodstuffs, shoes, underware, simpler kitchenware, etc., and in a rapid growth in purchases of vehicles, sports goods, electrical equipment, entertainment, etc. In the main, these changes are a normal consequence of the growth in real income. The same types of shifts can be observed from budget statistics which compare the consumption of different income classes. To a large extent these shifts have meant a transfer from non-durable to durable goods.

Another dominating feature has been the changes associated with the efforts of consumers to make domestic work easier. In foodbuying this is evident in the switch from flour to bread, from fresh foods to tinned, frozen or ready-made products. In clothing one can distinguish the same feature in the transfer from tailor-made to ready-to-wear and from wool to knitted goods. It is again evident in the strongly increased demand for electrical household machines.

As with the change from necessities to luxurious, the desire to lessen domestic work is a natural consequence of an increase in income. But the tendency has doubtless been accentuated by many other conditions, among them the facts that the pay of domestic help has increased sharply relative to the price of electrical home equipment and that the price difference between "raw-materials" and finished products has become considerably less. Further, both the growth in income and the desire to diminish the work of housewives in the home can be seen, in past, as a consequence of one and the same phenomenon viz. the increase in the number of housewives gainfully employed.

During the period under discussion, consumption of personal services showed a special change. The number of maids, shoe-makers, and tailors has decreased sharply. Further, during the post-war period the quantity of services provided by restaurants and barbers has remained static. There are many reasons for this development; the dominating one has probably been the movement of prices. The price of non-subsidized personal services has, as a rule, risen considerably more than other prices, and this must be regarded as a natural phenomenon in a growing economy. For obvious reasons the increases in productivity, which have occurred in most other sectors of the economy and have tended to keep prices down, have been less pronounced in the service sector.

The period since 1930 has been one in which a host of new articles have found their way on to the Swedish market - radio- and television sets, electrical household equipment, clothes made from artificial fibres, frozen food, juices etc. To begin with, new goods have mostly expanded at a rapid pace but, after a time, the growth rate has levelled off. Such expansions have often brought about a corresponding decrease in the purchases of one or several other goods. It is easy to find examples of this; artificial fibres have rapidly won ground at the expense of cotton and wool; and the expansion of television has led to a decrease in cinema going, etc.

The four general features just described have to a great extent, dominated the Swedish development of consumption. They are not, however, peculiar to Sweden. On the contrary, they can be found in all growing societies and seem to be necessary consequences of growth.

II. Some methodological remarks

The main part of the forecasts has been carried out with traditional single-equation regression methods applied to time-series. The reasoning underlying these methods is well-known and need not be enlarged on here. As a rule, logarithmic linear functions have been used, but there are some exceptions to this rule. In order to test the reasonableness of the observed income- and priceelasticities, these have as far as possible been checked against corresponding elasticities obtained from other sources Swedish cross-section data, foreign experience and international comparisons between countries with different standards of living.

Forecasts based on time-series analysis always include an assumption that observed historical relationships are valid in the future. Such an assumption is obviously not always realistic. There are a lot of reasons for this; the framework of consumption may change in some respects, for example. Therefore it is necessary in each separate case to examine the assumption that the observed relationship will prevail in the future. It is, especially, very important to know to what extent the supply side in the past has been actively working by introducing new goods and qualities and to get an idea of what is to be expected from this side in the future. It is obvious that to a great extent this is a matter of personal judgment and that such judgment introduces an element of subjectivity into the calculations. This seems, however, to be unavoidable if we want to make reasonable forecasts.

A precondition for the possibility of using the regression method is, evidently, that one has access to a statistical material on the relationship between consumption and the explanatory variables, and also that one can predict the future development of the explanatory variables. This condition, however, considerably limits the choice of explanatory variables. As a rule only three types of such variables

are used in this study, namely, demographic data, the average income, and real prices.¹⁾

In this context it must be remembered that the introduction of further variables does not necessarily give better forecast possibilities, even if we should get a better fit between historical data and the corresponding "theoretical" values. By itself the introduction of one more explanatory variable means a new factor of uncertainty - the forecast for this new variable. Whether or not a new variable should be introduced must therefore rest on a judgment of the importance of this variable together with the degree of uncertainty about its future development.

As a rule the time-series analysis is based on statistical data covering the period 1931-60. War years have, however, been excluded because consumption was then limited by an extensive system of regulations and cannot be identified with demand.

Although the above described time-series analysis often proved satisfactory, there were, however, several cases where a model of this simple type did not yield satisfactory results. This is particularly true in the case of those goods which were introduced during the period covered by the analysis. As typical examples we could take radio and television sets, and other electrical apparatus. Other goods for which the simple regression model does not function properly are those which have been forced from the market by the competition from newly introduced goods.

In situations where models with constant elasticities from time-series analysis have not shown themselves to be adequate, other methods have been adopted. In some cases income elasticities from cross-section data were used; in other cases forecasts were made on the basis of simple time trends; and in still other cases foreign experiences provided a basis for the calculations. The methods used in the separate cases will be reviewed in section IV.

As already described, the income elasticities obtained from time-series analysis, have been compared with corresponding elasticities calculated from cross-section material. More often than not, discrepancies have appeared between these two types of elasticities. This should not, however, be interpreted as indicating an error in one -

1) The real price of a good is here defined as the quotient between the price index of the good and the general price index of consumer goods.

or both - of the elasticities but, rather, that elasticities from time-series contain effects that do not appear in cross-section analysis. During periods of rising prosperity the growth in income, as a rule, is accompanied by several other changes influencing consumption. The effects of such changes appear in the development of time-series, but not in cross-section analysis. Examples of such changes which, as well as changes in price relativities, have been of considerable importance in the Swedish development, are the introduction of new goods, the equalization of income distribution and the migration from the countryside. Such factors could be considered by explicitly including them in the relationships, but to consider more than a few of all such structural changes influencing consumption is practically impossible.

This dissimilarity between the two types of elasticities is evidently of great importance. Elasticities computed on the basis of time-series are, in themselves, not pure, but a sort of hybrid. They include some of the essential characteristics of the growth process. This is, however, an advantage rather than a disadvantage. As long as there is no reason to believe that the interaction between growth in income and its accompanying consequences shall be broken this is beyond doubt just the sort of relationship we need for a forecast. The use of cross-section data can easily lead to the wrong track, and must, therefore, be used with the greatest care. The ceteris-paribus assumptions that must be made when cross-section elasticities are applied to a development in time are often inconsistent with an assumption about rising income level. It is, for instance, not reasonable to combine an assumption about increasing real income with an assumption about unchanged price relativities, or with an assumption that no new goods will appear.

As stated at the outset, the forecasts presented in this paper are based on earlier analysis of consumption. This study started by an investigation of how the models used in earlier forecasts fitted to actuality during the years after the forecasts were made. If a good agreement between forecast and actuality was found, we accepted the model - unless obvious reasons indicated that a change ought to be made. In those cases where the models did not predict with desired accuracy, we have either made minor adjustments, or quite new calculations. Thereby we have, in all sorts of ways, attempted to learn from the earlier failures.

As already described the forecasts, with the exception of a few cases, were carried out from the demand side. The exceptions are the two groups housing and health. During the post-war years, supply and demand have never been in equilibrium in these fields. There has been an extensive shortage of housing as well as of doctors, nurses and hospital space. The available statistical data concerning consumption do not, therefore, reflect demand. To judge the extent of excess demand with any degree of accuracy has not been possible. Therefore we have not been able to carry out the necessary calculations for a forecast from the demand side. To add to the difficulty, residential construction in Sweden and medical care are dependent to a considerable degree upon political decisions; consumption is strongly subsidized. How consumption in these fields develops, therefore, is dependent on political factors rather than on consumers' reactions.

III. The General Assumptions for the Forecasts

The forecasts presented in the next section are based on three types of fundamental assumptions. The first of these concerns the development of prosperity, the second the development of prices and the third the population development.

As long as peace in Europe is maintained, there is reason to believe that Sweden's economic growth will continue. To predict the rate of this growth is, however, not easy. There we stand on rather uncertain ground.

As mentioned earlier, the volume of private consumption per head has - during the last three decades - increased by about 2,4 percent per year. According to a recently published report of a Royal Commission on the long-term planning of the Swedish economy, there is, however, reason to expect a more rapid growth in consumption during the first half of the 1960's.¹⁾ In this report, the annual rate of growth of consumption was predicted to be $3\frac{1}{2}$ percent per head. No calculations for the rate of development after 1965 were made, but there seems little reason to believe that the rate of growth during this period will be lower than in the first part of the decade. In this study, therefore, the above-mentioned rate of growth, $3\frac{1}{2}$ percent, is assumed for the entire 1960's.

1) "Svensk ekonomi 1960-65". Statens Offentliga Utredningar (SOU 1962:10)

During an economic growth process, the price system, as a rule, undergoes certain characteristic changes. Goods acquiring large gains in productivity will become relatively cheaper - and vice versa. Experience shows us that it is industrial goods - in particular those of a more complicated technical nature - that become cheaper, while personal services tend to become more expensive. Such price shifts accompanying economic growth cannot, naturally, be neglected in a forecast.

It has not, in the present investigation, been possible to make a statistically supported forecast of future price movements. Instead, the simplified process of introducing schematic assumptions concerning price development has been adopted. These assumptions are based on general judgments concerning the probable development of productivity, competitive conditions within various branches of industry, the import situation etc. The judgments have been made commodity by commodity, so the result combines a number of differentiated assumptions about future prices.

It must be admitted that a considerable element of arbitrariness has been introduced into the final forecasts by this technique. This is, however, inescapable, and it should be emphasized that we do not avoid this arbitrariness by making less differentiated assumptions. Further, it has to be stressed that an assumption of unchanged relative prices during economic growth is in our opinion not only arbitrary, but also absurd.

Concerning the development of population, a forecast made within the Swedish Central Statistical Bureau has been accepted. According to this, the Swedish population will grow from 7,5 million at present to 8,0 million by 1970. Simultaneously, there will be a change in the age distribution which will increase the proportion of population at ages 20-30 and over 50.

IV. The forecast in detail

Food

The group flour and grain is a typical "inferior goods", which has been declining strongly during the entire post-war period. We have, on the basis of time-series analysis, calculated an income elasticity of -1,1. The real price has been assumed to remain unchanged.

For the group bread and pastries, time-series analysis gives an income elasticity that is considerably larger than 1, and also a large price elasticity. These values are, however, evidently influenced by the large shift from home-baked to purchased bread. Obviously there is a limit to this shift, it must become less important in future. The experience of the past few years indicates that the elasticity is now lower than before. We have therefore chosen an income elasticity of 1,0 and a price elasticity of -0,5. The real price is assumed to rise 10 percent.

Milk and products occupies a central place in Sweden as milk is the great meal-time beverage. However, per capita consumption decreased gradually during the 1950's. In the case of milk this development can partly be seen as a resumption of the "normal" pre-war level. Regression analysis resulted in estimates of E just above zero and $e = -0,4$. With a projected rise in real prices of 15 percent these elasticities forecast a further decline in per capita consumption and only a slight increase of the total volume. Milk is the only item with an over all decrease, while ice-cream consumption experiences the largest growth (doubling).

For edible-fats time-series analysis shows an income elasticity of 0,3. This value, however, disagrees badly with the experience of the last few years. It seems quite clear that the elasticity has successively fallen, and is now below rather than above, zero. We have calculated that edible-fats consumption per capita will be unchanged, and that the real price will also be unchanged.

The income elasticity for fish has been estimated to 0,4 while price elasticity seems to be about -0,2. Real prices will rise by about 10 percent.

Potatoes and root crops are inferior goods. The time-series show -0,7 as their income elasticity, and 0 as their price elasticity. These values are accepted for the forecast. It is supposed that real prices will fall by 10 percent.

For the group vegetables and fruits time-series show an income elasticity of 1,0 and a price elasticity -0,4. It is assumed that real prices will fall by 10 percent.

The time-series for sugar, chocolate and spices show an income elasticity of 0,6 and a price elasticity of -0,4. Real prices are assumed to fall by about ten percent.

The above calculations and judgments have resulted in the following forecast of food consumption.

Consumption volume and value: food

	Millions of kronor			Volume change in per cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970		1970		
<u>Flour, bread etc:</u>	<u>1 433</u>	<u>1 663</u>	<u>1 815</u>	<u>+ 16</u>	<u>3,8</u>	<u>3,2</u>
Flour, grain	201	148	148	- 27	0,5	0,3
Bread, pastries	1 232	1 515	1 667	+ 23	3,3	2,9
<u>Milk and fats</u>	<u>2 269</u>	<u>2 360</u>	<u>2 590</u>	<u>+ 4</u>	<u>6,0</u>	<u>4,6</u>
Milk, cream, cheese	1 486	1 530	1 760	+ 3	3,9	3,1
Edible-fats	782	830	830	+ 6	2,1	1,5
<u>Meat, fish, eggs</u>	<u>3 183</u>	<u>3 969</u>	<u>4 197</u>	<u>+ 25</u>	<u>8,4</u>	<u>7,4</u>
Meat, pork, eggs	2 702	3 378	3 547	+ 25	7,2	6,3
Fish	481	591	650	+ 23	1,2	1,1
<u>Potatoes, vegetables, fruits</u>	<u>1 662</u>	<u>2 305</u>	<u>2 075</u>	<u>+ 39</u>	<u>4,4</u>	<u>3,7</u>
Potatoes, root-crops	390	320	290	- 18	1,0	0,5
Vegetables, fruits	1 272	1 985	1 785	+ 56	3,4	3,2
<u>Sugar, chocolate, spices²⁾</u>	<u>1 093</u>	<u>1 485</u>	<u>1 337</u>	<u>+ 35</u>	<u>2,9</u>	<u>2,4</u>
<u>Total</u>	<u>9 640</u>	<u>11 782</u>	<u>12 044</u>	<u>+ 22</u>	<u>25,5</u>	<u>21,3</u>

1) 1960 prices.

2) Canned foods included under meat, fish, vegetables etc.

Food consumption in total is thus forecasted to increase by 22 per cent (15 % per capita), implying an over all income elasticity of 0,4. It should be stressed, however, that this growth does not mean a rising per capita consumption of calories. The rising volume merely reflects a changing composition of consumption: the trend from less to more processed foods and to higher qualities.

Tobacco

For this commodity the time-series show an income elasticity of 0,7 and a price elasticity of -0,3. The fit between model and reality is, however, not very satisfactory. As it is difficult to find a better model, and the value 0,7 of the income elasticity corresponds quite well with experiences from cross-section material, we have, with a certain doubt, accepted these time-series elasticities. A five percent rise in the real price is assumed.

Consumption volume and value: tobacco

	Millions of kronor			Volume change in per-cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970				
Tobacco	1 252	1 653	1 735	+ 32	3,4	3,1

1) 1960 prices.

Beverages

For beer and soft drinks a fairly strong sensitivity to temperature can be observed. Very warm summers - e.g. 1955 and 1959 - have resulted in increases of 5-6 percent over normal consumption. After allowing for this factor we get from time-series analysis an income elasticity of 0,8, and a price elasticity of -0,7. These values have been accepted. Real prices are predicted to fall by 15 percent. It should be noticed that consumption of beer as well as soft drinks is, internationally speaking, quite low in Sweden.

As mentioned in section I the rationing of alcoholic drinks was cancelled in 1955. At the same time large price increases were introduced. The reactions of consumers to price changes have become more marked than before. A time-series analysis of spirits and wine, adjusted with respect to the higher price elasticity of recent years, gives an income elasticity of 1,1 and a price elasticity of -0,8. For the period up to 1970 we have assumed a rise in the real price of twenty percent. The main part of the growth in volume will fall on wine. The consumption of wine in 1970 will probably be almost twice as high as in 1960. The level of wine consumption in Sweden is still quite low - about four litres per inhabitant a year. The growth in the consumption of spirits

will be quite moderate, from 5 to 10 percent. It must be noted here that Swedish alcohol consumption - on international standards - is rather heavily concentrated on strong spirits.

The hot beverages - coffee, tea, and cocoa - are less sensitive to price and income changes than either alcoholic or soft drinks. Coffee is regarded as a "necessary good" in Sweden, comparable to tea in England. We have here chosen 0,4 for income as well as for price elasticity. Taking into consideration the present situation in the coffee market, we have calculated a real price decrease of 20 percent by 1970.

For beverages our calculations have given the following result:
Consumption volume and value: beverages

	Millions of kronor			Volume change in per-cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970		1970		
Beer and soft drinks	656	1 023	818	+ 56	1,7	1,4
Spirits and wine	1 633	2 155	2 585	+ 32	4,3	4,6
Coffee, tea, cocoa	669	895	716	+ 34	1,8	1,3
Total	2 958	4 073	4 119	+ 38	7,8	7,3

1) 1960 prices.

Housing, fuel, and light

As mentioned in the previous section, the forecast for housing stems from the supply side. On the basis of plans for construction and the capacity of the building industry, the Royal Commission for long-range planning estimated the rate of growth of housing supply during the period 1960-65 at 5 percent per year. This growth, however, was considered insufficient to bring about equilibrium at present market prices.

Plans for residential construction for the years after 1965 do not exist at present. As far as can be seen, however, building activity will tend to successively increase. In 1960, 70 thousand apartments were constructed; the goal for 1965 is 85 thousand, and it seems

reasonable to expect a little more than 100 thousand in 1970. These figures, together with a reasonable assumption about quality improvement, imply a growth rate of 6 percent a year in the volume of housing during the second half of the 1960's.

There is reason to expect rent control to be cancelled later in this decade. The question arises, then, as to how rent will be affected. In the light of the present excess demand, along with the expected sharp increase in family formation and an income elasticity for housing well over unity, it seems probable that the projected growth in supply will not be sufficient to create an equilibrium at present prices. We have predicted the necessary real rent increase to be 20 percent.

For fuel and light we have, on the basis of previous experience, calculated a rate of growth that is half as large as the growth in the consumption of housing. Real prices ought to continue to decrease; we have calculated a fall until 1970 of 15 percent.

The final results are shown in the table below.

Consumption volume and value: housing, fuel and light

	Millions of kronor			Volume change in per-cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970				
Housing	3 700	6 290	7 550	+ 70	9,8	13,3
Fuel and light	1 830	2 560	2 175	+ 40	4,9	3,8
Total	5 530	8 850	9 725	+ 60	14,7	18,1

1) 1960 prices.

Clothing

The development of consumption in the clothing field has been largely influenced by innovations. During the 1930's and 1940's there was an extensive expansion of the ready-to-wear industry, and the assortment of goods available was widened very much, especially in men's heavier wear. In the 1940's there was a corresponding development in women's clothing. After the war new fibre materials with new qualities were introduced, strongly competitive with traditional

fabrics. During the 1950's, and especially during the latter part of the decade, the most important technical progress took place in the production of knitted goods. Largely through the development of new production methods, outer jersey garments now compete successfully with traditional garments. During the latter half of the 1950's, the purchase of knitted goods increased 80 percent. Under these circumstances it is quite obvious that income and price elasticities from time-series data must be used with the greatest care in the case of ready-to-wear and knitted goods.

The real price of knitted goods fell 26 percent between 1955 and 1961. To reckon with as rapid a price fall during the future seems unrealistic. The rapid technical development in this field, however, makes a fall probable. We have calculated that the real price will have decreased 15 percent by 1970.

Where knitted goods are concerned it seems quite obvious that the innovation process will continue and be a dominating factor in the future. However, it is only possible to guess the speed of the development. We have reckoned with an income elasticity of 1,2 - which is substantially higher than the long-term value. We also use a price elasticity of -0,6, and a cross elasticity with respect to ready-to-wear goods of 1,0.

Doubtless the ready-to-wear sector still has a rather high income elasticity. The course of innovations in light ready-to-wear clothing is evidently not over. As the "industrialization" of the 1930's, 1940's and 1950's - when uneconomic handicraft and home products were "out-competed" by manufactured goods - now seems to have covered the entire field, income elasticity obtained by time-series analysis ought to be adjusted downwards. Cross-section analysis gives an income elasticity of 1,25. We have here taken a middle course and reckoned with the value of 1,4. We have chosen a price elasticity of - 0,4 and a cross elasticity against knitted wear of 0,4. We assume a fall in the real price of 10 percent.

For the group varn. cloth, and tailoring there is nothing in the development that would indicate an income elasticity larger than 0. We must expect a fall in prices and for the whole group this is assumed to be 10 percent. The price elasticity is assumed to be -0,5.

For shoes the time-series analysis has given an income elasticity of 0,6 and a price elasticity of -0,25. There are no special reasons to doubt these values. It has been assumed that there will be a 10 percent fall in price.

The subgroup remaining clothing constitutes a small, heterogeneous group. Two of the items (furs and leather wear) are near substitutes for ready-to-wear goods, and the remaining (hats, caps and handbags) are supplements. It seems justifiable to expect a high income elasticity. A time-series analysis has given an income elasticity of 1,5 and a price elasticity of -0,5. The real price is assumed to decrease by 10 percent.

The results of the calculations described above are shown in the following table.

Consumption volume and value: clothing

	Millions of kronor			Volume change in per-cent	% Share	
	Volume ¹⁾		Value		1960	1970
	1960	1970	1970			
Shoes ²⁾	738	1 050	945	+ 42	2,0	1,7
Knitted goods	763	1 395	1 185	+ 83	2,0	2,1
Ready-to-wear	1 845	3 135	2 820	+ 70	4,9	5,0
Yarn, cloth, tailoring	734	822	740	+ 12	1,9	1,3
Other	463	865	780	+ 87	1,2	1,4
Total	4 543	7 267	6 470	+ 60	12,0	11,4

1) 1960 prices.

2) Incl. shoe-repairs.

The figures in this table imply an income elasticity for the group as a whole of about 1. An income elasticity of this magnitude is in agreement not only with earlier findings in Sweden but also with the experience of several other countries.

Durable goods

For furniture the time-series give an income elasticity of 1,65. There is no reason to reject this figure. The real price is assumed to remain unchanged.

For hardware we have accepted the results of the time-series analysis: the income elasticity is 1,2, and the elasticity with regard to marriage rate is 0,5. It is assumed that the real price will remain unchanged.

The statistical material concerning electrical equipment is incomplete. Complete time-series data are available for four articles only: vacuum cleaners, sewing machines, radio and television sets. For the host of other electrical equipment, washing-machines, deep freezers, mixers, razors etc. time-series data are sporadic. Further, it should be mentioned that Swedish statistics in this field are not comparable with those of most other countries. Refrigerators and washing machines (except the very small ones) are usually installed in Sweden during the construction of houses, and accordingly regarded as integral parts of the apartment. Therefore, they are not treated as separate items in consumption statistics.

Purchases of vacuum cleaners and sewing machines increased rapidly during the 1930's and 40's. There was, however, a clear sign of stagnation in this field during the 1950's. As far as we can see, the introduction period is over for both these articles, and a further growth in ownership is not to be expected. More important innovations in these two fields seem unlikely. We have, therefore, reckoned with an unchanged volume per head in the future.

By the beginning of the 1950's the introduction period of radios was evidently over. There was, however, an important revival in the market. When, in the latter part of the 1950's, one more programme was introduced on ultra-short wave length, which could not be listened to on old sets, and portable transistors appeared. The dynamic force of these latest innovations is not yet completely exhausted, but it is falling off. For our forecast we have calculated a small growth, 20 percent.

At the present time, television can reach practically every Swedish household. The widening of the transmission net can, consequently, have only a limited effect on the future development of television ownership.

The forecast for TV is based on a calculation of the development of the number of licence holders. For this purpose the country has been divided into a number of zones according to the particular point of time at which TV reached the area. For every zone the spread in licences is assumed to follow a logistic curve, with the saturation point at a licence ownership of 80 per 100 households. By 1970 this point will probably have been reached in almost all zones. By then the number of licences should amount to 2,4 million, which would correspond to an increase of 50 000 licences in 1970.

The number of new TV sets bought during any year in approximately equal to the increase in the licences plus the number of discarded sets plus the growth in the number of sets belonging to households with more than one set. The mean length of life for a television set has been estimated to be about 7 years. A calculation with regard to the age structure of sets existing in 1970 indicates that about 300 000 receivers will be discarded that year. As to the growth in multiple TV-ownership we have assumed that during 1970 it will amount to 100 000. The total purchase of new TV receivers should thus amount to 450 000 sets by 1970.

It is assumed that the average quality of a television set will increase by 15 percent. This is motivated by the fact, that sets allowing for a second programme which probably will appear within the decade are about 15 percent more expensive than the sets usually bought to-day. No allowance has been made for colour TV, as it seems most unlikely that regular transmission will be performed in Sweden during the forecast period.

The purchases of other electrical household equipment amounted in 1960 to about 300 million crowns. This group of goods is, obviously, expanding fast. How strong the future increase will be, however, is difficult to say, but it will probably be dominated by innovations. From the experience during 1955-61 we have reckoned with an increase in volume terms of 162 percent by 1970. This is, it must be admitted, not much more than a guess.

For the entire group of electrical equipments we have assumed a 25 percent fall in real prices.

For household textiles (blankets, carpets, draperies, etc.) and glass and chinaware, time-series analysis has given income elasticities of 1,5 and 1,3. Consumption of household textiles has been found to depend on the marriage rate with an elasticity of 0,3. The price elasticities

ty of glass and chinaware is -1,8. Real prices are assumed to be unchanged.

The results of the time-series analysis have also been used for the two groups, watches and jewellery and musical instruments. The income elasticities are 2,0 and 1,0. It has been assumed that real prices are unchanged.

According to available data, purchases of sports goods, travel necessities and toys increased quite strongly during the 1930's and 40's. They have, however, failed to continue this development during the late 1950's. Long-run trends indicate, anyhow, an income elasticity of 1,6.

Photographic equipment showed a faster development in the last decade than during earlier periods. The income elasticity of 1,8, based on the development during the fifties, is assumed to be valid in the future.

A summary of the forecast for the entire durable goods group shows a continued expansion and transformation during the 1960's. The predicted volume increase of 72 percent is, however, not especially large in relation to earlier expansion.

Consumption volume and value: durable consumption goods

	Millions of kronor			Volume change in per cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970		1970		
Furniture	535	1 002	1 002	+ 87	1,42	1,77
Hardware	195	320	320	+ 64	0,52	0,57
Electrical equipment of which:	1 202	1 853	1 390	+ 54	3,18	2,46
Vacuum cleaners	52	55	41	+ 7	0,14	0,07
Sewing-machines	114	121	91	+ 7	0,30	0,16
Radio-sets	186	223	167	+ 20	0,49	0,30
TV-sets	548	668	501	+ 22	1,45	0,89
Other electr.equipment	300	786	590	+162	0,80	1,04
Household textiles	663	1 215	1 215	+ 83	1,76	2,15
Glass and chinaware	235	324	324	+ 38	0,62	0,57
Musical instruments	62	95	95	+ 53	0,16	0,17
Watches and jewellery	279	582	582	+109	0,74	1,03
Sports goods	195	359	323	+ 84	0,52	0,57
Photographic equipment	138	270	243	+ 96	0,36	0,43
Total	3 502	6 020	5 504	+ 72	9,28	9,72

1) 1960 prices.

Travel

In the analysis of motoring we meet three strategic variables, the stock of cars, purchases of new cars and scrappage. By definition these variables satisfy the following identity: increase in stock = purchases of new cars - scrappage. When forecasting these three variables we have, because of this identity, only two degrees of freedom. One of the variables has to be regarded as a residual. The problem then arises which should be chosen. There are different opinions about the correct answer to this question.

The most widespread view is probably as follows: consumers' demand concerns the services provided by cars and the volume of such services is approximately proportionate to the stock of cars. Therefore this latter is the primary variable in a demand analysis. As, further, the extent of the scrappage is mainly determined by technical factors in combination with the age structure of the stock, this implies that purchasing of new cars is the residual variable.

This way of looking at the problem has been severely criticised on the following grounds: the buyers of new cars are to be found within a rather limited group of people and the yearly inflow of new cars into the stock is determined by the number of these people and the average time they have their cars before selling them. This implies that the inflow of new cars into the stock is determined independently of the size of the stock and also independently of scrappage. Thus the stock is the residual variable.

It seems quite obvious that this latter view is the more realistic in the short run; there is much empirical evidence to support it. It is also fairly realistic in the long run. This does not, however, contradict the view that in the long run the other theory may also be justified. We may assume that there exists an equilibrium stock of cars corresponding to every income level in the society. The size of this equilibrium stock may very well be determined by the income level, regardless of whether the inflow of new cars is determined in the way described above or not. Further, it must be remembered that there is a regulator in the mechanism; the price structure of cars of different ages. Scrappage, too, must to some extent depend on this structure.

According to the above reasoning, it should, in principle, be possible to choose 1) either the stock 2) or the purchases of new cars as the primary variable in an analysis. In this study we have tried both. Our procedure has been as follows:

1) The stock approach

Regression analysis applied to time-series has for the size of the stock given an income elasticity of about 2. The fit is, however, not very good, and the elasticity value does not seem very reliable. Attempts to calculate income elasticities from cross-section data have given results which are obviously unrealistic.

Several years ago, it was found that the car density in Sweden during the 1950's followed the US development during the 1920's, i.e. during the time when the density in US was of the same magnitude as in Sweden during the 1950's. As is seen from the table below this similarity has continued in a remarkable way.

Year	Sweden	1950	1952	1954	1956	1957	1958	1959	1960	1961
	USA	1916	1918	1920	1922	1923	1924	1925	1926	1927
Number of cars per 1000 inhabitants	Sweden	36	49	74	100	117	131	146	159	174
	USA	33	54	77	97	118	135	150	164	169

During the last 8 years a number of forecasts have been made on the basis of the assumption that the similarity in the development of car density in Sweden and the US continues. It is seen from the table that these forecasts up to now have given excellent results. To use the same procedure in this study is, however, not possible, because the development in the US was interrupted by the great depression in the beginning of the thirties. It would be inconsistent with the general assumptions in this paper to assume that such a depression would occur in Sweden during the sixties.

As can be seen from a graph, the growth of car density in Sweden has been almost linear during the last eight years. If we extend this trend until 1970 we get a car density of 300 per 1 000 inhabitants, which corresponds to a stock of 2,4 million cars. Such a development would be consistent with an income elasticity of 2,0 i.e. the value found by regression analysis.¹⁾ All this seems to be in favour of a preliminary forecast of a growth in the stock up to 2,4 million in 1970.

1) R. Bentzel et al., Den privata konsumtionen i Sverige 1931-65, Stockholm, 1957, Page 304-313.

In order to estimate scrappage a survival table for cars has been constructed on the basis of Swedish data. This table is shown below.

Survival probabilities for passenger cars (percent)

Age	Probability	Age	Probability
0	100	7	86,1
1	99,4	8	79,6
2	99,5	9	66,5
3	98,5	10	62,7
4	96,6	11	60,0
5	96,3	12	56,4
6	86,2		

A combination of the above-mentioned preliminary stock forecast and the corresponding scrappage figures, calculated on the basis of this table implies an inflow of 290 thousand new cars in 1970. Consequently, if we accept the stock forecast and the scrappage table, we must also accept the figure 290 thousand as a forecast of purchases of new cars in 1970.

2) The flow approach

The number of new cars bought each year has increased from 128 thousand in 1955 to 180 thousand in 1961. We must doubtless reckon with much higher figures in the future. To make an independent forecast of purchases of new cars is, however, very difficult. A number of investigation including elasticity calculations have certainly been done in the US, but the results seem to be too unreliable to use as a basis for a forecast. It is more reasonable to rely on a comparison with the United

States. According to the stock forecast above, Sweden would by 1970, have reached the US car density of 1954. That year the number of purchases of new cars amounted to 34 cars per 1 000 inhabitants. Applying the same figure for Sweden would yield 270 thousand purchases of new cars in 1970.

In this way we have tried to estimate the future development with two different methods. Concerning purchases of new cars in 1970 the two methods give rather similar results, 290 and 270 thousand, which seems to be an indication of their reasonableness. As a definite forecast we have chosen the former figure.

As to the purchases of new cars, we have assumed a small increase, 15 percent, in quality. Statistically this is treated as an increase in volume. Further we have assumed an unchanged proportion between personal and business use of car services.

The expenses for petrol, oil, repairs etc. have been assumed to vary in proportion to the number of cars.

No time-series analysis has been done on the consumption of motor cycles and bicycles. During the last 5-6 years heavy motor cycles have to a great extent been replaced by cars and bicycles by light motor cycles. In accordance with existing trends a rise in light motor cycle purchases and a decrease in heavy motor cycle and bicycle purchases are assumed during the 1960's. Petrol, repair and maintenance are assumed to be proportional to the forecast stock of cycles.

With regard to recreational boating no reliable data about sales, maintenance and fuel costs are available; the amount of 200 million Sw.kr. in 1960 is only a very rough measure of expenditure. For 1970 we have forecast an expenditure of 500 million Sw. kr. The real price has been assumed to remain unchanged.

We have accepted the results of time-series analysis for consumption of public transport services (excluding air travel). Besides an income elasticity of 1,9 it has been found that demand for public transport services varies in proportion to the factor $10^{-0,00174x}$, where x is passenger car density.¹⁾

During the late 1950's, there was a rapid growth of air travel and in 1960 total expenditures amounted to 60 million Sw.kr., divided between domestic regular lines (12 million Sw.kr.) and charter traffic (48 million Sw.kr.). Owing to lack of data, this amount, however, does not include international traffic on regular lines. The resulting underestimation is probably not too serious, as international air travel is mostly business travel.

1) R. Bentzel, Den privata konsumtionen i Sverige 1931-65, Stockholm, 1957, page 314.

Air travel will doubtless be among the most expanding items during the 1960's. In this case, the introductory process itself will probably be a more important determinant of the development than price and income changes. Accordingly, we have not used the traditional income-price model for the forecast.

The development pattern for domestic air travel in Sweden is similar to the US development, with a lag of a little less than twenty years: while the number of passenger kilometres per inhabitant in the US rose from 2,3 in 1933 to 19,6 in 1943, Sweden experienced the same development 17 years later (from 2,4 in 1950 to 20,7 in 1960). The expansion in the United States continued with undiminished speed up to 1953. The application of the same rate of growth to the Swedish development during the 1960's results in an expenditure of 120 million Sw. kr. in 1970. We have accepted this forecast.

Charter flights to Southern Europe have already become very popular in Sweden. Accordingly, foreign air travel cannot be expected to grow as much as domestic travel. The expenditure forecast in 1970 for charter flights abroad - five times the amount in 1960 - is to be regarded as a mere guess.

The total expenditure for air travel is put at 350 million Sw. kr. in 1970 (in prices of 1960). In accordance with recent experience, the real price is assumed to decline by 30 percent.

Consumption volume and value: travel

	Millions of kronor			Volume change in per cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970				
Transport equipment	3 442	6 878	6 266	+100	9,1	11,1
New purchases	1 457	2 867	2 436	+ 97	3,9	4,3
Passenger cars	1 281	2 674	2 272	+109	3,4	4,0
Motor cycles	83	114	97	+ 37	0,2	0,2
Cycles	93	79	67	+ 15	0,3	0,1
Petrol, maintenance	1 785	3 511	3 330	+ 97	4,7	5,9
Passenger cars	1 664	3 426	3 250	+106	4,4	5,7
Motor cycles ²⁾	121	85	80	- 30	0,3	0,1
Recreation boats ²⁾	200	500	500	+150	0,5	0,9
Public transport	1 345	1 764	1 676	+ 30	3,6	2,9
of which:						
Air travel	60	350	246	+480	0,2	0,5
Total	4 787	8 642	7 942	+ 81	12,7	14,0

1) 1960 prices.

2) Including new purchases and petrol maintenance.

Health

In 1960 total expenditures on sickness and health services amounted to about 2 700 million Sw. kr. Of this sum, consumers paid about 40 percent directly and another 20 percent in the form of contributions to the compulsory insurance. In the calculations we have included only the former of these two items. The contributions to the compulsory insurance have been regarded as taxes.

The total expenditure in this group consists of costs for medicine, eyeglasses, doctors' fees, dentists' fees and hospital fees. The first two items are forecast on the basis of time-series analysis. The forecasts of the fees to doctors, dentists and hospitals are, however, as was said in section III, calculated from the supply side. We have used the current plans for the future development of the Swedish sick and health care where data concerning the planned number of doctors, nurses, hospitals places etc. are given for 1970.

For the whole group, our forecast gives an increase in total expenditure of 75 percent. As this group consists mainly of services, we must expect that the real price - disregarding subsidies - will rise. In fact, we have assumed a price rise of 20 percent.

Consumption volume and value: health care

	Millions of kronor			Volume change in per-cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970				
Health care	1 173	2 050	2 460	+ 75	3,1	4,4

1) 1960 prices.

Other goods and services

This group is very heterogeneous. It includes restaurant services, different kind of household services (domestic services, laundering, telephone, telegraph, radio- and television licences and postage fees), some cultural and recreational items, hairdressing, funeral costs and toilet requisites. As the group is a residual, all forms of consumption not treated in the previous sections should be included here. Unfortunately, this has not been possible, as there are

consumption items which enter neither in this residual group nor elsewhere. Among these are banking, insurance and education services.

The time-series analysis for hotel and restaurant services has given an income elasticity of 1,6 and a price elasticity of -1,9. These figures have been accepted for the forecast. The real price is assumed to increase by 25 percent.

During the 1950's telephone calls increased by 75 percent. The number of telephones per 1 000 inhabitants is now very large in Sweden, so we cannot expect the same rapid expansion in the future. As to the number of calls we have reckoned with a growth of 60 percent. Outlays for radio licences are assumed to increase only slightly more than population. The forecast for television licences has been described above.

Laundry services are assumed to increase by 10 percent in accordance with earlier trends, while the demand for domestic services will continue to decrease; this decades, however, not as fast as in the fifties. The real price probably will be some 30 % higher 1970.

Recreation includes books, newspapers, magazines, admissions to cinemas, theatres and sporting events, photo services, flowers and legal gambling. This group was expanding fast up to 1957. Since the introduction of TV, however, the situation has changed, and during the last years consumption has been declining. The main problem for the forecast is therefore to project the future impact of TV on expenditures for recreation. We believe that the importance of TV in this respect is already on the decline. Therefore, we have assumed that in the very near future recreation expenditures will resume the earlier (pre-TV) rate of growth.

Hairdressing and funeral services are rather unimportant items. Hairdressing has been assumed to remain unchanged and funeral services to develop in accordance with the projected number of deaths. Real prices are assumed to increase by 30 percent.

For household and toilet requisites, time-series analysis has given an income elasticity of 0,8 and a price elasticity of -0,9. The real price is assumed to decrease by 10 percent.

Consumption volume and value: other goods and services

	Millions of kronor			Volume change in per-cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970				
Restaurant services	640	783	980	+ 23	1,7	1,7
Household services ²⁾	998	1 433	1 429	+ 44	2,6	2,5
Household and toilet requisites	641	1 055	900	+ 65	1,7	1,6
Recreation	1 724	2 637	2 900	+ 53	4,6	5,1
Hairdressing	270	270	325	± 0	0,7	0,6
Undertaking	73	85	97	+ 20	0,2	0,2
Total	4 346	6 263	6 631	+ 44	11,5	11,7

1) 1960 prices.

2) Including domestic services, laundry services, telecommunications, radio and TV licences.

There is little doubt that expenditure on tourism abroad will be one of the fastest expanding items in the household budget during the 1960's. This does not, however, appear in the table as there is no reliable statistical material about it. Although it is known that expenditure on tourism abroad amounts to about 600 million crowns and this is about the same as expenditure by foreign tourists in Sweden, there is no evidence as to how these sums are distributed among different kinds of goods and services. In this study, therefore, we have ignored tourism abroad.

V. Summary

Broadly speaking, the forecasts described in the previous section indicate that consumption in Sweden will continue the trends of the last three decades. Thus a further shift in spending away from necessities to more luxurious items can be expected, mainly from food to durables and motoring. A continued stagnation or decrease in the use of many personal services seems probable, while the desire to lighten housework will bring a large increase in demand for household equipment and will still further reduce spending on such items as flour and cloth in favour of the finished articles, bread and ready-made clothing. Moreover, at the same time a lot of new consumer goods will appear.

After classification according to the categories proposed by the editor of this volume, the forecasts are summarised in the table below. Private consumption 1960 and 1970.

	Millions of kronor			Volume change in per- cent	% Share	
	Volume ¹⁾		Value 1970		1960	1970
	1960	1970				
Flour, bread etc.	1 433	1 663	1 815	+ 16	3,8	3,2
Milk and fats	2 269	2 360	2 590	+ 4	6,0	4,6
Meat, fish, eggs	3 183	3 969	4 197	+ 25	8,4	7,4
Potatoes, vegetables, fruits	1 662	2 305	2 075	+ 39	4,4	3,7
Sugar, chocolate, spices	1 093	1 485	1 337	+ 35	2,9	2,4
Tobacco	1 252	1 653	1 735	+ 32	3,4	3,1
Beverages	2 958	4 073	4 119	+ 38	7,8	7,3
Housing	3 700	6 290	7 550	+ 70	9,8	13,3
Fuel and light	1 830	2 560	2 175	+ 40	4,9	3,8
Clothing	4 543	7 267	6 470	+ 60	12,0	11,4
Durable goods	3 502	6 020	5 504	+ 72	9,3	9,7
Public transport	1 345	1 764	1 676	+ 30	3,6	2,9
Transport equipment, purchases	1 657	3 367	2 936	+103	4,4	5,2
Transport equipment, maintenance, petrol	1 785	3 511	3 330	+ 97	4,7	5,9
Health care	1 173	2 050	2 460	+ 75	3,1	4,4
Other goods and services	4 346	6 263	6 631	+ 43	11,5	11,7
Total	37 731	56 600	56 600	+ 50	100,0	100,0

1) 1960 prices.

A few features of the table require comment.

Since purchases of durables have risen much faster than total consumption during the last three decades, and especially in the 1950's, it may seem surprising that the rise forecast for this decade is no more than 75 per cent. But it must be borne in mind that television only started in Sweden in 1956 and the consequent rush to buy TV sets gave a somewhat artificial boost to the growth in purchases of durable goods as a whole. With TV purchases in 1960 at a peak (up till then anyway) expenditure on durables was exceptionally high that year; compared with this high level, therefore, the increase forecast by 1970 is comparatively moderate.

The relatively high forecasts for rent and health services reflect the present shortage. They are based on the assumptions that the excess demand for housing will be met by a combination of a high activity in residential construction and an abandonment of rent control; and that the sickness and health services will be built up rapidly. The large increase in the proportion of total expenditure devoted to rent reflects not only better housing conditions, but also the opinion that rents must rise if there is to be equilibrium in the housing market with the stock of houses predicted in 1970.

Despite the rapid expansion of private motoring in the 1950's and the consequent stability in public transport services, it is predicted that the latter will increase as much as 30 per cent over this decade, mainly because of a rapid growth in air travel.

