

The Demand For Meat Consumption In Australia When Time-Varying Constraints Are Incorporated

Gregory J McLennan
Alicia N Rambaldi

Non-Linear and Linear versions of the Almost Ideal Demand System (LA/AIDS, AIDS), a Log-Linear Seemingly Unrelated Regression model, and a recently developed econometric procedure known as the Doran-Rambaldi (DR) procedure are estimated for meat consumption in Australia. Time-variant estimates of the price-elasticities are obtained using the AIDS and DR procedures. Aggregation, Homogeneity and Symmetry constraints were imposed on all of the models and tested. The results indicate that both versions of the AIDS model were not able to comply with the constraints exactly while the DR procedure was.

Keywords: demand systems, time-varying constraints, AIDS.

JEL: C1 3, D20

Correspondence:

Gregory McLennan

Treasury

Commonwealth of Australia

Parkes, ACT 2600

ginclennan@treasury.gov.au

Alicia Rambaldi

School of Economic Studies

University of New England

Armidale, NSW 2351

arambald@metz.une.edu.au