

COMPLETE DEMAND SYSTEMS AND THEIR PRACTICAL ISSUES

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Abstract: This paper analyzes consumer demand using a Quadratic Almost Ideal Demand System (QUAIDS), which is an extension of an Almost Ideal Demand System. Complete demand system models can be used to find the relationships that are impossible to discover using single-equation models. Additionally, the QUAIDS model can be used to model a nonlinear Engel curve. The research was based on household microeconomic data collected by GUS (the Polish Central Statistical Office) in the period 1999-2015. The complete demand model has been extended by demographic variables. The results show that the QUAIDS model does not reduce to the AIDS model and is an adequate tool to analyze consumer demand.

Key words: complete demand system, Quadratic Almost Ideal Demand System, QUAIDS, elasticity of demand