

THE AUSTRALIAN NATIONAL UNIVERSITY

Second Semester Examinations 1999

ECHI2021-2022 CONSUMERS AND CONSUMPTION IN THE MODERN ECONOMY

Study Period: 15 minutes duration

Writing Period: TWO (2) hours duration

Answer any THREE (3) questions.
All questions carry equal marks.
Explain all your answers.

1. How would you characterise a 'modern consumer society'? Why does Whitwell argue that Australia emerged as a 'modern consumer society' only after World War II?
2. Discuss the development of consumption in Australia since 1959/60 on the basis of the eight variables in the following table:

	1959/60	1979/80	1996/97	Annual average growth	
				59/60-79/80	79/80-96/97
a. GDP (billion A\$)	14.2	124.5	508.5	11.5%	8.6%
b. Household income (billion A\$)	11.0	97.9	410.3	11.6%	8.8%
c. Household disposable income (billion A\$)	9.9	82.0	340.1	11.1%	8.7%
d. Private consumption expenditure (billion A\$)	9.1	72.8	312.9	10.9%	9.0%
e. Retail turnover (excludes cars, billion A\$)	4.9	35.8	128.8	10.4%	7.8%
f. Instalment/personal credit (outstanding balances, billion A\$)	0.8	3.0	42.5	6.6%	16.8%
g. Population (million)	10.4	14.7	18.5	1.8%	1.4%
h. Consumer Price Index (1989/90=100)	13.5	45.2	120.3	6.2%	5.9%

3. What is the 'family life cycle' and how does the concept help to explain structural changes in consumption patterns? Why is the 'economic power' of the so-called 'baby boomers' in the Australian economy likely to increase? Why will it benefit women more than men?

4. Why could it make sense to distinguish between ‘time saving’ and ‘time consuming’ consumer durables, when analysing changes in their rates of diffusion over time?
5. Why and in what ways did Australian households manage to realise the ‘great Australian dream’ after World War II? In what ways didn’t they realise that dream?
6. What preconditions had to be fulfilled before much of today’s consumption in Australia could centre on ‘leisure’?
7. Why does marketing encompass much more than just advertising? Did product marketing emerge not until the 1950s, as many in the marketing industry appear to believe?
8. Given the ever-changing composition and organisation of consumption, which form of consumer protection has proven to be more effective: regulation or consumer education?
9. Consider the following two statements.
“Consumers are ignorant and gullible. It is therefore desirable for the State to discourage private commercial advertisement and to foster disinterested consumer research and information services.” (James Meade, 1964)
“The consumer, so it is said, is the king [...] each is a voter who uses his money as votes to get the things done that he wants done.” (Paul Samuelson, 1970)
Why would two Nobel-prize winning economists have such different views on the role of consumers in society?
