

# THE AUSTRALIAN NATIONAL UNIVERSITY

*Second Semester Examinations 2001*

## ECHI2021-2022 CONSUMERS AND CONSUMPTION IN THE MODERN ECONOMY

*Study Period: 15 minutes duration*

*Writing Period: TWO (2) hours duration*

*Permitted Materials: Unmarked English and English/Foreign language dictionaries*

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

1. Answer **either** this question:

A. Discuss and explain the broad trends in consumption in Australia during the past 50 years on the basis of the data in the following table:

	1948/49	1973/74	1998/99
1. Shares in household expenditure:			
a. Food	25.8%	14.5%	12.1%
b. Clothes/footwear	15.9%	7.4%	4.0%
c. Housing	10.0%	15.3%	20.3%
d. Durables	10.3%	12.9%	9.7%
e. Non-durables	14.3%	5.2%	5.1%
f. Services	23.7%	44.7%	48.8%
Total	100.0%	100.0%	100.0%
2. Per capita household expenditure (1989/90 dollars)	5,390	9,446	15,311

**Or** this question:

B. The following table shows that per capita household expenditure on food in Australia continued to increase since the early 1960s, although per capita calorie consumption has since then been more than sufficient and did not change much at all.

- Do the data in this table disprove Engel's Law?
- What factors modify the effects on food consumption that we would expect on the basis of Engel's Law?

	1960/61	1980/81	1999/00
Per capita household expenditure on food (1989/90 dollars)	1,221	1,570	1,872
Per capita consumption of calories (Kcal)	3,091	3,058	3,150
Share of food in household expenditure	18.8%	14.0%	12.0%

2. In what ways have mass production and mass consumption been inextricably linked in the development of a modern consumer society? How is that changing at the moment?
3. The following table indicates that the share of women, particularly married women in the Australian work force increased substantially after World War II. What have been the consequences for consumption patterns in Australia of this change?

	1921	1954	1979	1999
Female share in the total labour force	17%	19%	44%	54%
Proportion of married women who work outside the household	4%	13%	42%	55%

4. a. What is the product diffusion rate? What purposes does the concept serve?
- b. The following table shows television ownership per 1,000 people in eight countries. Why do the diffusion rates of television sets vary over time and across countries?

	1950	1955	1965	1975	1985	1995
USA	69	227	362	571	794	805
Japan	-	2	182	239	580	681
France	0	6	133	268	390	590
Australia	-	-	171	337	444	551
UK	11	105	249	316	433	446
South Korea	-	0	2	71	188	334
Thailand	-	-	6	17	97	188
Indonesia	-	-	-	2	39	66

- = no television broadcasting.

5. In what ways does a minority of large firms dominate the retail sector? In what ways do small firms dominate? Why has this situation emerged during the 20<sup>th</sup> century? Has this development been disadvantageous to consumers?
6. “Consumption never needs encouragement.” (John Stuart Mill 1844) In the light of increasingly pervasive advertising and marketing of consumer products since Mill wrote these words, was this very eminent economist wrong?
7. How has ‘consumerism’ developed during the 20<sup>th</sup> century? Given that development, is the expression *caveat emptor* (let the buyer beware) still relevant today?
8. Why can it be argued that consumer behaviour is strongly influenced by culture? What are the counter arguments?