

# ABSTRACT

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Recently, more attention has been given to intertemporal consumer demand models, as a good deal of study on consumption and labor supply suggests that habits formation, and previous experience in consumption and leisure may affect purchasing decisions.

The purpose of this thesis is twofold. The first one is to examine the testing of the universally maintained intertemporal additivity hypothesis using the Simple Non-Additive Preference (SNAP) structure, which is heavily based on the duality theory of the consumer's profit function representations for static and intertemporal preferences. Applying this method to the Australian time series data, it is found that the hypothesis of intertemporally additive preferences is supported by the data. The second objective is to extend the traditional empirical demand investigations to macroeconomics framework. In particular, we attempt to build up an intertemporal consumer demand model through the integration of the demand system and the consumption function, employing the Intertemporal Two-Stage Budgeting procedure.