



Endogenous preferences and sustainable development[☆]

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Abstract

This paper focuses on the relevance of endogenous preferences for the explanation of consumer behavior and its role for sustainable development. The demand side has received far less attention in the sustainability discussion than the production side. There seems, however, little doubt that consumption is equally as important for achieving sustainability (e.g., F. Duchin, G.-M. Lange, *The Future of the Environment: Ecological Economics and Technological Change*, Oxford University Press, New York, 1994). While the influence of social interaction of preferences has been pointed out by economists for centuries, this link is generally submerged in the standard economic assumption of individual interest maximizing behavior. With reference to a specific type of local food market (community supported agriculture groups, CSA), this paper investigates consumer behavior and its relevance for sustainable development. Several studies have investigated CSAs' contributions to different aspects of sustainable development and barriers to their expansion. One aspect usually left out is the change in preferences after interaction with the farmer/s and other market participants for several years. This learning aspect may, however, prove crucial to identify paths towards sustainable development.

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1. Introduction

The total energy used annually in the United States for food production, processing, distribution, and preparation is about 16001 of oil per capita per year, constituting 17% of the total per capita U.S. energy consumption. The U.S. expends three times as much energy per capita just for food production than do developing countries for all energy consuming activities (Pimentel and Pimentel, 1996, p. 8). Here, consumption patterns (indirect energy consumption through meat vs. direct energy intake through grain and vegetables) play an important role. For example, with livestock, roughly 20 cal of energy are needed to obtain 1 cal of food. The cropland needed per American (excluding exports) is about 0.5 ha. Given the fact that there are only 0.25 ha (1.5 billion ha of arable land worldwide divided by 6 billion world population) available per person, it would be impossible to replicate U.S. food systems worldwide or to feed the rest of the world a U.S.-type diet even with the addition of energy, resources and improved technologies (Pimentel and Pimentel, 1996). To move towards higher sustainability, adjustments of consumption patterns are needed in addition to attempts for making production methods long-term viable and increasing per acre yields. Duchin and Lange (1994) come to similar conclusions. Their study of four main world regions showed that even assuming the best available technologies, emission targets established at the 1992 Rio de Janeiro UN conference on environment and development (UNCED) could not be met without adjusting final demand. While the focus in the sustainability discussion has predominantly been on the production side, these results suggest that it is also necessary to discuss consumption issues for achieving sustainability. Yet, the barriers for questioning our consumption patterns are substantial. This has its roots, at least in part in the way consumer behavior is modeled by economists.

Several authors (e.g., Elster, 1989; Knobloch, 1994; Sen, 1977) argue that consumers seek to satisfy broader goals than utilitarian theory suggests. The newer literature on preferences suggests extending the idea of utility by ethical motivations. Numerous studies found that consumption satisfies a wide array of needs and wants (Doyal and Gough, 1991; Max-Neef, 1992). Some of them originate in self-interest, others are based on broader (social) goals. Fostering solutions, which contribute to the latter, may enhance sustainability.

Yet, there is another dimension relevant for a demand side discussion of sustainability. While tastes and preferences usually do not change rapidly, they do change over time as people interact and as the social institutions that surround them evolve (“endogenous preferences”). Such changes may be observed in community supported agriculture (CSA) markets as consumers interact with the CSA farmer and other members. Since preferences are formed through social CSA interaction (e.g., Smith, 1759/1976; Marx, 1867/1906; Nelson, 1995; Schor, 1998; Veblen, 1967), we should be able to identify motives that are generally submerged in the standard economic assumption of individual interest maximizing behavior.

While we cannot test whether preferences are changing over time since we cannot observe them directly, we can ask people about their motivations and how these have developed. And it is reasonable to assume that there is a strong correlation between these motivations for consumption and consumer preferences. A drawback of loosening the assumption of fixed preferences is that one cannot test consistency of behavior over time unless one has precise information about the changes in preferences. However, we will argue here that to take these complications into consideration is necessary and not negligible.

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