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Abstract

After discussing how the profession embraced the economic paradigm from the very beginning, only recently seeing the necessity of questioning this philosophical stance, the paper presents a reinterpretation of a collection of fundamental economic principles from a global perspective. It concludes with five ideas for future dialogue about challenging the most fundamental paradigm shaping the professional foundation of family and consumer sciences. These suggestions include: considering our role in consumer socialization, changing our perception of consumers to seeing them as citizens, restructuring our market knowledge base, redefining the concepts of economy, production and household, and redefining resources.

The future of the family and consumer sciences profession has always rested on the willingness of the scholar within each of us to examine and understand the field as it was, is and can become (Brown, 1985). This paper will focus on the traditional and emerging meanings of *economic* within "home economics" and now family and consumer sciences. Special attention will be given to the entrenchment of the economic paradigm into our professional personae. Families live their daily lives in modern society which "is built on capitalism, scientific technology, and the ideology of the market economy" (Firat & Venkatesh, 1996, p.241). The objective is to stimulate scholarly reflection about our reliance on traditional economic theory and all it assumes in relation to how we practice with and view individuals and families *as consumers* in modern society. To ask what a consumer is and how well economic theory is able to explain consumer behaviour is to invite us to explore ourselves, our notions of society and our outlook on life. Pending reflection on how the profession embraced the economic paradigm from the very beginning, only recently seeing the necessity of questioning this philosophical stance and replacing or augmenting it with a global perspective, the paper will present a reinterpretation of economic principles from a global perspective and conclude with suggestions for future dialogue about challenging the most fundamental paradigm shaping our professional foundation.

Economics and Consumption From the Beginning

Our attachment of the name "home" to economics at the Lake Placid conferences reflects our unique concern for the impact of the economy and the industrial revolution on the family and individual (Baldwin, 1991; Key & Firebaugh, 1989). This concern arose as a result of a subtle but profound separation between production in the home and consumption by family members outside the home. Prior to the Middle Ages, production occurred in the home and consumption of products and services made by those working outside the home was minimal if non-existent. After the Middle Ages, craft trades emerged between those people who had begun to produce more in their home than they could consume. Over time, specific areas of the home were delegated to a place of business for these trades and crafts with the remaining area set aside for private, family activities. By the 1800s, the realm of production had moved out of the home into the shop and later into a factory or office. Consumption was now a new private world activity primarily managed by women who used to play a key role in sustainable home production. Production became a public world activity run by men. By the 19th century, a new form of marketplace, the department store, provided access to products produced by industry rather than in the home and were available for consumption, or at least visible for all to see. The Industrial Revolution brought capitalism (paid labour to ensure production), scientific technology, and a consumer culture to a new market economy (Goldsmith, 1996; Heilbroner, 1980; Joy & Wallendorf, 1996).

Not surprisingly, in the early 1900's, home economics was originally concerned with "education for scientific management of work of the home for efficiency and economy" aiming to "bring the home into harmony with industrial conditions that prevail[ed]... in the larger world outside the home" (Brown, 1985, p.249). In particular, the profession was concerned with preparing women to manage the economies of their homes. They were to be taught or socialized to get value for their dollar in their consumption role. There was little to no concern for the impact of their consumer decisions on others in their own national economy, in other economies or on the natural environment.

Key and Firebaugh (1989) profile how the profession then evolved from an original concern for the impact of capitalism, scientific technology, and the market economy on the household to a field concerned with the context within which consumption and production occurs and evolves. They reveal how, in the early 1900s, the profession began to use economic theory to perceive families as producers of household commodities and consumers of market

goods and services. About 75 years later, the profession then moved on to embrace systems theory in order to account for the *dynamic exchange* that occurred between families and external systems as they obtained resources. Very recently, family and consumer scholars have begun to call for the need to appreciate the complex context of reciprocal relationships between families and their global ecosystems and environments. This most recent paradigm shift to a contextual perspective allows us to begin to account for the impact of our consumption decisions on those in other countries, those not yet born and on the environment (Crawford, 1993; McGregor, 1996b).

Despite the fact that we are making consumer decisions in an emerging global community (Peterson, 1993), the family and consumer science profession is still using traditional economic theory to explain consumer decisions in the marketplace (Lusby, 1992; McGregor, 1994, 1996a), a practice to which Brown (1993) takes great exception. She claims that we need to lose our unquestioning acceptance of the assumptions of the market economy and the family's role within it. Our failure to critique economic theory and all that it means has led us to teach people how to be "good consumers", when actually the word consume means, "to destroy, use or expend. The enormous productive capacities and market forces of [North America] have been committed to satisfying human needs and desires with little overall regard to the short-term or long-term future of life on the planet [or life in other nations or in future generations]" (Goldsmith, 1996, p.87).

A Global Perspective - A New Beginning

Continuing to use traditional economic principles to explain the nuances of consumer decisions when they now have global implications does not allow us to adequately capture the reality of today's global consumption decisions. Fortunately, this reality can be more readily achieved through the adoption of a global perspective which consists "of the information, attitudes, awareness, and skills which taken together, can help individuals understand the world, how they affect others, and how others affect them" (Babich as cited in Smith, 1993, p.19). Even more insights can be gained if we use a global perspective to reinterpret conventional economic principles (to be discussed shortly).

A global perspective challenges materialism and commercialism and compels us to examine our role as a citizen engaging in a life-long consumer socialization process. It embraces a more holistic approach, is macro (versus micro) in scope, and advocates for ecological responsibility, humanitarianism, and doing things in context. A global perspective involves consumer ethics, the ecosystem perspective, the cradle-to-grave perspective towards products and services, and the concept of marketplaces at local, domestic and global. Related concepts include those termed global interdependence, world conditions, global problems, global citizenship, stewardship, a moral community, universal values, and global interconnections (McGregor & Greenfield, 1996).

McGregor's (1996b) 14 global principles, drawn from the work of Smith (1989, 1993) and Smith and Peterat (1992), are integrated into the following text and are the basis for the content of Table 1. Consuming from a global perspective means we become concerned with the impact of consumption and production on the environment. It means we need to gain an appreciation of the notions of voluntary simplicity and conservation, and a deeper respect for indigenous knowledge and how it is passed on to future generations. We will have to start to think about the consequences of resource management decisions. We need to appreciate that this reflection involves developing a growing awareness of global dynamics, the state of the planet, and the existence and nuances of other cultures. We also need to acknowledge and respect the impact of the reciprocal interrelationships among cultures. Living a sustainable life style is not possible without adopting a global perspective. Such a perspective inherently assumes an appreciation for the impacts of new and different technology and economic development on the integrity of both developed and developing local indigenous communities, infrastructures and natural environments.

From a global perspective, we appreciate that our view of the world is not universally shared, that we must be aware of problems related to choices facing people and nations and how these choices change as one gains a consciousness of global systems, and that we must base our decisions on values as well as facts. This means we make decisions on the basis of good reasons rather than force, self interest, fear, habit, or customs. A global perspective necessitates that we think in a systems mode rather than a dualistic mode. This suggests that we expand our thinking beyond cause/effect to include problem/solution and local/global. Finally, we need to appreciate that learning and personal development and socialization are a continuous, life-long journey with no fixed or final destination.

Reinterpreting Economic Principles from a Global

Perspective

Table 1 is a comprehensive summary of a reinterpretation of a collection of traditional economic principles from a global perspective. Profiling traditional economic principles against "globally sensitive" economic principles

suggests intriguing implications for family and consumer sciences professional practice. The benefit of reexamining our traditional reliance on economic principles from this perspective is that we can improve the relevance of our practice and help us better understand the contemporary consumption behaviour of North American individuals and families.

Insert Table 1 about here

To illustrate, a global perspective necessitates that the economic principle of social costs be extended to incorporate the social impact of transactions made in the Northern economy on citizens or environs of those living in Southern economies. What about the impact on human rights, environmental integrity, societal well-being, cultural sustainability, political stability, familial well-being, quality of life and standards of living of those living in the Southern hemisphere? What will be the impact of a Northern decision to consume a particular good on the household subsistence, production and community activity of a Southern third world family? How will it affect potable water, arable land, food diversity, security from war, poverty, education, communications? From a global perspective, it will not be alien to consider these factors as inherent in a consumer decision.

Also, using a global perspective leads family and consumer science professionals to appreciate that consumers can also see non-tangible values as a resource. If consumers value how they affect others and how others affect them, they may then be better able to give serious consideration to substituting one product for another or one value for another. They could question the global integrity of purchasing the product and the substitute and, as Lusby (1991, 1992) allows, they may decide not to purchase at all. From a global perspective, the premise that the main resources families have are time and money and that the costs of bad transactions are often taken to be lost time or lost money needs to be contested. What of the human, social, or environmental costs of ill-conceived consumer decisions? What of the tradeoffs that we make today that affect future generations or citizens in other parts of the world? Peterson (1993) reminds us that, from an ethical, moral perspective, consumers are not free to ignore the effects of their consumption choices on other's lives including those living elsewhere or not yet born.

Furthermore, a global perspective would also have us consider the raising cost of human rights as well the rising cost of goods and services, inflation, which is a central economic principle. What of the standard of living of citizens in developing countries where many North American goods are being produced and services are being delivered? What of their human rights and what of the integrity of their environment, economy, society and political structures? Citizens need to recognize that sometimes human rights need to supersede consumer rights, or at the least become part of the consumer decision-making equation, since all consumer rights assume the basic human rights (McGregor & Greenfield, 1996). Other economic principles translated from a global perspective are portrayed in Table 1 including economy, supply, demand, marginal utility, opportunity costs, rationality, and rates of time preference.

Implications of Challenging the Economic Paradigm

At least five ideas need reflection and dialogue as we re-examine the appropriateness of continued reliance on the economic paradigm to shape our practice in preparing individuals for their "consuming role". These five ideas provide a starting point for an intriguing professional debate and dialogue leading to common understandings. More comprehensive discussions are available in Crawford (1993), Engberg (1993), McGregor (1996b) and McGregor and Greenfield (1996).

Rethinking Consumer Socialization

"Consumer socialization is defined as processes by which young people [and adults] acquire skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace" (Ward, 1981, p.382). Understanding how people become socialized to function in "the consuming role" is important (Carlson, Walsh, Lacznia, & Grossbart, 1994). Even more important is that the consumer interest be understood as being larger than purchasing private goods and services for personal and/or family use with nominal consideration of the practical and moral consequences of those decisions. We must *socialize* consumers to appreciate that the consumer interest encompasses roles other than the economic consumer, including the role of citizen concerned with the public good (Kroll, 1991).

Perceiving Consumers as Citizens

Stevens (1994) believes that "teaching [people] about roles of consumers as citizens may well yield a lifelong impact [on the planet and other global citizens]" (p.1). However, consumers do not yet see themselves as part of a larger whole that is affected by a collectivity of individual consumption decisions (McGregor & Greenfield, 1996). So, until consumers begin to see themselves as global citizens first, they may continue to value money (ability to pay) more than any other choice criteria. Central to questioning our profession's reliance on the economic

paradigm to prepare us to practice is our tendency to conceive our clients only as consumers rather than also as citizens. People have no serious difficulty thinking of themselves as consumers but thinking of themselves as citizens is problematic (Gabriel & Lang, 1995) while perceiving themselves as "consumers as citizens" is even more of a challenge (Stevens); we as professionals may be partially to blame but if we re-orient our practice we can help change this perception.

The idea of a citizen as an active member of a dynamic community implies mutuality and control as well as a balance of rights and duties. In as much as they make choices, citizens have a sense of responsibility necessitating that they confront the implications of their choices, their meanings and their moral value. Citizens have to argue their views and engage in the views of others. The citizen strives for self-discipline and control and a deeper sense of community and general welfare. Consumers, on the other hand, need not be members of a community nor do they have to act on behalf of the community at large. Gabriel and Lang (1995) suggest that consumers operate in an impersonal market economy where they make choices unburdened by guilt or social obligations; they just have to be able to pay. We are faced with the challenging task of examining our understanding of the utility of employing traditional economic theory to study consumption behaviour in North America as it impacts citizens of other countries, those not yet born and the environment.

Restructuring Our Market Knowledge Base

As we address this challenge, each of us would hopefully begin to acquire knowledge, meanings and beliefs about making consumption decisions from a global perspective. As our personal knowledge bases begin to change, we may continue to add new meanings, understandings and beliefs. We would begin to develop "chunks of new knowledge", continuing on to adjust and fine tune our evolving understanding of consuming in a market based global economy and community. Ultimately, we would restructure our marketplace knowledge base creating entirely new meaning structures and/or reorganizing our old knowledge base to accommodate a new set of principles, values and developments (Peter & Olson, 1987). This process would have far reaching consequences for ourselves, our profession, our clients, other cultures, future generations and the environment.

Redefining Economy, Production, and Households

In order to bring a global perspective to professional practice, we need to rethink how we define the concepts of economy, production, and household. Redefinitions are likely needed to help determine how we re-organize educational curricula that prepare people to be "consumers".

Economy. From an economic perspective, the economy is a set of interrelated production and consumption activities in which the consumption decisions of individual households and firms exert the major influence over the allocation of scarce resources, decisions mostly made by men (Key & Firebaugh, 1989; Walden, 1992). A mixed economy includes decisions made by central authorities (government) and private enterprise, often called the formal economy. Engberg (1988, 1990) offers for consideration the concept of the *whole economy* comprised of a system which places as much weight on the informal sector as it does on the formal sector. The informal sector is taken to be the household and domestic production activity of women and children, non-profit co-operatives, collectives, and community enterprises.

Production. The economic definition of production is the act of making commodities (goods and services) to satisfy consumption needs and wants in the marketplace; goods and services are for sale in the market. From a global perspective, we would conceive of production differently. It would be acknowledged as being made up of four layers: (a) for sale in the market in addition to (b) production for subsistence, (c) production for home or household maintenance and (d) production for human role socialization, child and elder care, learning, and helping kin and neighbours via mutual aid and support, skills exchange and voluntary, community service. The latter is production that is inseparable from the home and cannot be delegated to anyone outside of the home because of the human attributes and relationships involved in the activity (Engberg, 1988, 1990).

Households. Fundamental to all our practice is our definition of household. The economic definition emphasizes a household as being all the people who live under one roof and who make, or are subject to others making for them, joint financial decisions. The only resource decision that is acknowledged is financial. From a global perspective, household includes a domestic group that has special functions: production, reproduction, consumption, social interaction, political interaction, and ceremonial interaction. When discussing household from a global perspective, the emphasis shifts from household composition to household function, interaction and those unpaid activities which are carried on by and for family members (Engberg, 1988, 1990).

Redefining Resources

Another intriguing suggestion from Engberg (1990) was to expand our current conceptualization of what

we mean by resources beyond the conventional economic components of time, money, energy, human built facilities, and goods and services identified by Goldsmith (1996). From a global perspective, the definition of resources expands to include: indigenous knowledge; infrastructures supporting individuals and families; means of access to money and financial assets; the *labor* of men, women, children and relatives; the extent of contact with the world beyond the local community; and local and external *political power*.

Conclusions

Continuing to rely on the prevailing economic paradigm in a global economic system is morally and professionally irresponsible. In their multiple roles as global citizens, scholars, researchers, advocates and educators, family and consumer scientists have to reconsider their approach to marketplace education decisions. Family and consumer scientists need to examine their ideology, assumptions and values, current knowledge base, curricula, text books, lectures, research programs, policy recommendations, and daily practice with families.

Stemming from this reflection, we need to collectively ask if we are comfortable teaching people to be "good consumers" from a market theory perspective? If not, we can begin to appreciate that global principles need to be considered in concert with economic principles as we work with people to make consumption decisions. This synergy can lead to an increase in *human and social capital* to counter the mounting inventory of market capital, often amassed at the expense of people, communities, cultures and societies. Human capital is the abilities, knowledge and skills each *person* acquires and develops throughout their lifetime. Human capital builds up in the context of social capital. Social capital refers to the features of *communities* which make them more productive and provide more opportunities: trust, communication, teamwork and reciprocity (Burt, 1997; Jerome-Forget, 1997; Putnam, 1996).

From a global perspective, increased human and social capital can provide the "conscience of the economy and of our society... providing a necessary balance ... in a market economy" (Karpatkin, 1996, p.8). Remember, as Brown (1985) first reminded us, that the future of the profession always rests on the willingness of the scholar within each of us to examine and to understand the field as it was, is and can become. As we move forward, we can draw on Engberg's (1990) conviction that families are dynamic ecosystems that can adapt and change themselves. People can be socialized to care for each other and the earth; to appreciate that living in harmony demands ethical judgments about how to live differently; and to see the merits of embracing stewardship rather than exploitation.

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Table 1

Reinterpretation of traditional economic principles from a global perspective

<p>Globally sensitive economic principles (original contribution of this paper)</p>	<p>Traditional economic principles (e.g., see Walden, 1992)</p>
<p>The whole <u>economy</u> places as much weight on the informal, household economy as it does on the formal economy: household and domestic production activity of women and children, non-profit co-operatives, collectives, and community enterprises</p>	<p>A free-market economy is an economy in which the consumption decisions of individual households and firms exert the major influence over the allocation of scarce resources. A mixed economy includes decisions made by central authorities (government) and business.</p>
<p><u>Social costs or externalities</u> incorporate the impact of transactions made in the Northern economy on citizens or environments of those living in Southern economies as well as those at home</p>	<p>Social costs or externalities are absorbed or enjoyed in the local or domestic economy when another person, aside from the consumer who uses a product or service, is affected by the transaction.</p>
<p>Consumers may get more pleasure from consuming additional units of a product, <u>marginal utility</u>, than for earlier units when the relative contribution to human dignity, standard of living and self sustainable community increases</p>	<p>Declining marginal utility simply means that we get less pleasure from consuming additional units of a product or service than from the earlier units. Consequently, consumers buy more units of a product or service when the relative price falls and less when the price raises</p>
<p>Consumers are challenged to rethink individual rights and, instead, emphasize social or community responsibilities and perceive themselves as <u>global citizens</u>; how they spend affects others elsewhere, those not born, and the environment</p>	<p>The role of the consumer is to spend money in the local and domestic economy with inherent individual rights in the marketplace to protect them from market place failures</p>
<p><u>Consumer demand</u> decreases or changes as relative global consciousness raises and increases or changes as the relative global consciousness falls</p>	<p>When all else is held equal, consumer demand increases as relative price falls and decreases as the relative price rises</p>

<p>The higher the cost to society, the less the producer supplies (<u>supply</u>). The producer refrains from initiating or stops increasing the manufacture of additional units when the social, environmental, familial, community, economic and regulatory cost of production exceeds benefits; profits are important but secondary to human, societal and global well-being</p>	<p>The higher the price that the producer can get from the consumer, the more will be produced (supplied) and vice versa. The producer stops increasing the manufacture of additional units when the higher price of production wipes out any extra profit</p>
<p>Consumers acting in their own interest will balance this action against the interests of others, of humanity and of society. They will engage in moral, value reasoning as well as using facts and globally sensitive information while making <u>rationale decisions</u></p>	<p>Classical economic theory assumes that individuals seek to maximize satisfaction from decisions they make in their own interest. It also assumes that individuals are fully informed and are rationale decision makers</p>
<p>When the relative price of a good or service rises, consumers would consider the global integrity of the close <u>substitute</u>; indeed, they could question the merits of continuing to consume the product or the substitute at all</p>	<p>When the relative price of a good rises, consumers buy less of that good and more of a close substitute. The size of the price increase, the availability of substitutes and the size of other costs associated with switching to another product limit the degree to which consumers can reduce consumption of a product whose relative price has raised</p>
<p>When a consumer makes a trade off to attain a highly valued alternative, <u>opportunity cost</u>, their analysis will incorporate moral as well as economic criteria and would accommodate current and personal as well as third party, intergenerational needs and wants</p>	<p>Opportunity costs recognize that when you spend time or money on any product or service, you are giving up the ability to spend that same time and money on something else</p>
<p>The raising costs of human rights and lowered standard of living in Southern nations should be considered in conjunction with the rising costs of products and services in Northern economies (<u>inflation</u>) and attempts to maintain our standard of living</p>	<p>Inflation refers to the rise in the average level of all prices leading to a decrease in the purchasing power of a dollar. Inflation, raising costs for goods and services, is the rule not the exception and is linked to standard of living, wages and interest rates</p>

Consumers who have high rates of time preference (who strongly favour the future over the present) are more likely to make consumption decisions that take into consideration the well-being of future generations and global well-being and vice versa

Consumers who have high rates of time preference (who strongly favour the present over the future) are less likely to save and invest and are more likely to borrow. In contrast, consumers who have low rates of time preference are more likely to save and invest and less likely to borrow