

## Preference Order and Consumer Behavior\*

Fumimasa Hamada

**Abstract** This paper attempts to propose an alternative microeconomic theory of consumer behavior in terms of distributional approach. A model determining the optimal preference order of and demand for consumer goods not only of the homogeneous type but also of the heterogeneous type under the budget constraint of a person and the market conditions is presented. Utility of a commodity is decomposed into the value in use and the value in attractiveness. The former is assumed to be common to all the consumers in a society and subject to the law of decreasing marginal utility, and the latter to depend on personal income level. Market demand for each commodity is also determined.

**Key Words:** Heterogeneous commodity, utility maximization, optimal preference order, income distribution, consumer demand.

**JEL:** D01, D03, D11, D31.