An Economic Model of the Meat Paradox
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[Abstract]: The “meat paradox” arises from the psychological tension between two motives: i) we like to eat meat, but ii) we don’t like to hurt animals. This tension leads to a common phenomenon of cognitive dissonance, which generates a psychic cost. There are two ways to reduce this psychic cost, either by reducing meat consumption (e.g., by becoming vegetarian), or by engaging in self-deception about animal suffering. Consistent with this phenomenon, there is empirical evidence that omnivores manipulate their beliefs and underestimate animal suffering. In this paper, we propose a model of this behavioral phenomenon, and examine its economic implications. In particular, we show that the consumer becomes more realistic about animal suffering when the price of meat increases. This leads to a “crowding in” effect: the negative price-effect is reinforced by psychological effects. Also, we show that an equilibrium with collective denial and one with collective realism may coexist, and that the collective realism equilibrium is always better for human welfare.