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# A Positive Model of Source Dependent Preferences

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## Abstract

Most economic theory as well as empirical and experimental research build on the assumption that preferences are source independent. This implies perfect fungibility of money and that the value of other resources or input goods such as information do not depend on where they come from or how they had been obtained. Despite ample anecdotal, empirical, and experimental counter-evidence, the theoretical literature has mostly forgone the issue of source dependence. After emphasising its relevance and empirical validity, we present and apply a model that accommodates preferences that are source dependent.

**Keywords:** Source dependent preferences, Mental accounting, Behavioural decision making, Behavioural economics, Psychological economics

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