

The Green Monster

(And, no, I am not referring to Fenway Park)

Economists cut their teeth on some basic tenets and building blocks:

- In a world of finite resources, including time, we must make choices, and often these choices involve attractive—or unattractive—alternatives as well as tradeoffs.
- In confronting scarcity, we will fare better if we pay attention to the full costs of our choices, including costs borne by third parties, and possible indirect effects or consequences.

- Exploiting comparative advantages—economic jargon for specializing in what we are relatively better at and then exchanging with others—and taking advantage of scale economies are highly beneficial.

- Individuals tend to respond predictably and purposefully to incentives, and prices (and changes in them) have proven to be powerful motivators.

- In arriving at decisions, we usually weigh incremental costs and benefits, not all-or-nothing end-points.

- Fairness matters, and equity and efficiency are often competing—and conflicting—goals in decision-making.

Illustrations and/or applications of these principles abound:

We could minimize traffic deaths by requiring Detroit and Tokyo to restrict their vehicles to a maximum speed of 25 mph, but that would squander time as well as add to the costs of hauling merchandise. Or we could require that automakers produce cars that get 40 mpg, but that would increase fatalities—occupants are more at risk in lighter cars, and these more fuel-efficient products would certainly be lighter.

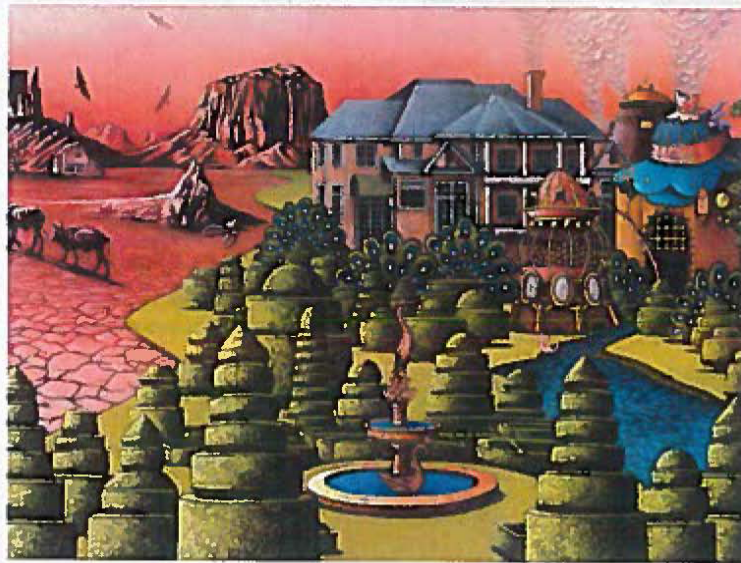
By Allen R. Sanderson A corollary: The optimal number of traffic deaths and amount of pollution is not zero, nor does recycling 100 percent of virtually any waste material make sense.

It also means that I do not want President Obama devoting any of his precious time tending a vegetable garden or gathering eggs laid by free-range hens on the South Lawn of the White House. (And while he—and I—could afford to pay \$5 a dozen for organic eggs, most of Washington DC's residents and citizens of the world cannot.) However, if he wants to shoot hoops just for fun, fine with me.

While a diet of grains and nuts is very likely more efficient and healthier than one with meat, values are subjective, and we usually consider benefits as well as costs. Thus for many people a taste for a

steak trumps the lower carbon footprint benefits of tofu and raisins. If advocates of cage-free chickens can express their values, why deny those who prefer a chicken sandwich with Grey Poupon theirs?

Buying locally made products, or growing one's own food, may be a personal preference or enjoyable hobby. But forcing Chicagoans to forgo their morning coffee or a chocolate bar because the basic ingredients would have to be shipped long distances—or demanding that they grow their own carrots rather than specializing in larger scale manufacturing and financial services and then trading across the globe—would reduce our standard of living tremendously, not marginally.



Pharaoh's Rampant Indulgence Damns Egypt, 2007, 48 X 72 Inches, Nicole Gordon, Linda Warren Gallery

Taken to extremes, the environmental movement flies in the face of such logic, and it has become the new opium for some. With a strident, intolerant fervor usually only witnessed in intoxicated fans at NFL games, these say- and do-gooders have taken a page from Gordon Gekko—"Greed is good"—and proclaim not only that green is good, but that only green is good. Armed with seemingly ubiquitous mantras—carbon footprint, environmentally friendly, sustainable development—they exhort us to save the planet or else.

Henry Ford uttered something along the line that "his customers could have a car painted any color they

wanted as long as it is black." Today a household, firm, community or government can have about any agenda it wants as long as it's green. Otherwise they risk the wrath of crusaders who possess a sensitivity reserved for princesses whose sleep can be disturbed by a single non-organic pea 20 feather mattresses below.

For economists, situations that ignore tradeoffs, don't think in terms of incremental units and don't consider both efficiency and equity are foreign.

Down the road—whether we are already there is an important, debatable question—we will reach a point where we can say with some conviction that we are now "green enough." And for much of the world's population, improvements in sanitation, access to clean water, combating communicable diseases and staving off hunger and malnutrition are simply higher priorities than composting. The relative benefits of economic growth will accrue to the poor across the globe; it is far less obvious who captures the benefits of "environmental growth," but it's certainly not the impoverished. □