

Tick Tock, Tick Tock, Tick Tock

The economics—and the environment—of time



In a 1965 journal article (“A Theory of the Allocation of Time”), my colleague and Nobel laureate Gary Becker introduced the concept of a “time price.” For example, while we think of paying \$10 for a movie, for Becker the total price was \$10 plus the (opportunity) cost of one’s time; that is, what could you do with those two hours instead?

Five years later Swedish economist Staffan Linder, in *The Harried Leisure Class*, noted that higher productivity work time creates economic growth and higher incomes, but also increases the value of our leisure time, and thus to maximize our well-being, we set about to increase the productivity of our leisure time.

We may prefer to shop at Nordstrom rather than Wal-Mart, even though the product price is higher in the former, because the time cost (finding a knowledgeable clerk and then paying for the purchase at the cashier island) is lower. Fast-food and take-out meals may have other drawbacks, but they economize on time. (In other cases, to save time, we choose to leave the lawnmower out to rust and dirty dishes in the sink.)

We multi-task on the street and in our automobiles, employ TiVo and shop and pay bills on-line. Owing to tremendous technological improvements, we can now listen to *Beethoven’s 5th* in the comfort of our home for a fraction of the total costs associated with trekking to the CSO and spending two hours at a given time in cramped quarters. Plus we can shine our shoes and pet the dog at the same time.

In a static society, the time cost is constant, but in 21st century

urban America, with a panoply of consumption possibilities before us, an increase in our salary still leaves us with 24 hours in a day. We thus set about to make better use of that constant “time paycheck.” The same holds for “being green,” as well as “earning green.”

The time costs of being an ardent environmentalist are fairly staggering. Recycling—from sorting to proper disposal—growing a significant portion of one’s own food-stuffs in a backyard garden and riding a bike to work are very time-intensive activities. It’s no wonder that this is not an easy “sell” for many families.

Of course, as some recommend, we could subjugate our desires like the Amish. A more effective strategy to save the Earth would be to recognize these basic facts and adapt pitches to reduce the time costs. Single-sort recycling is one such avenue. Successful firms figure out how to economize on their customers’ time; environmental organizations need to adopt creative ways to work within these values, not fight them.

Americans’ love affair with the automobile has a lot to do with saving time in a low-population-density country (about 10 percent that of Europe or Japan). Public transportation is a time-intensive, or time-wasteful, way to get from Point A to Points B, C and D. Getting us on a bus or train will be more likely if the appeal is to the loss of time via traffic congestion—and the time savings—than the air pollution or visual clutter we’re creating with our cars. As Adam Smith expressed it in *The Wealth of Nations*:

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages. Or, as our idiom has it, you can catch more flies with honey than with vinegar.”

A second way in which time factors into environmental practices is “discounting” or “present value.” In essence, we prefer that pleasurable activities take place now and that unattractive ones occur down the road. The pleasures of smoking or the gains from mugging someone are immediate, whereas the costs—ultimately facing lung cancer or God’s wrath—are much further removed in time.

Global climate change, the most difficult environmental problem to solve, suffers from this “discounting” fate. Doing something to stabilize the Earth’s temperature entails costs—a changing lifestyle, incurring additional expenditures—that have to be made now, whereas the benefits are 50 or 100 years away. But making headway here may ultimately turn on our being able to approach individuals and their governments with honey, not vinegar. □