

BOW WOW & MEOW

THE ECONOMICS OF PETS AND THEIR OWNERS

More than 60 percent of American households provide room and board for at least one pet. More families own dogs than cats, but given that the typical feline family is likely to have multiple kitties, in sheer whisker count cats outnumber dogs.

In addition to significant time commitments, these creatures are expensive propositions. Thus it is not surprising that a higher percentage of U.S. households have pets than in less wealthy countries. (40 percent of the world's dog and cat populations may reside in the U.S.) Owners spend far more on their pets—food, vet bills, toys, boarding, replacing furniture, neutering, and ultimately burial—than we allocate to other recreation or entertainment items.

There are unmistakable signs that when it comes to pets, demographics and the economy matter. (The largest single category of cat owners: divorced women in their 40s or 50s.) As baby boomers age and become empty-nesters, animals will replace children and become like members of the family. Wal-Mart and grocery chains are well aware of these trends and are devoting more shelf space to pet care; and as we are increasingly likely to take our pets on vacation, hotels/motels are becoming more accommodating. Pets are not immune from the business cycle—witness more abandoned animals in recent years and trading down from Iams kibble to generic alternatives—but spending on them may fluctuate less than for many goods.

As a society we have great affection for animal movies—Lassie, 101 Dalmatians, Bambi, Old Yeller, Babe, The Lion King, Milo & Otis, Kung Fu Panda—and we even take a personal interest in presidential pets—“First Dog” Bo or “First Cat” Socks. (Fifty years ago Richard Nixon's address about alleged fund-raising improprieties became known as his Checkers Speech, owing to his reference to the family dog.) We are touched by feel-good news stories of animal rescues, and we recoil at accounts of neglect and abuse (think Michael Vick). Our vocabulary is enriched by phrases such as “raining cats and dogs,” describing a situation as a “cat fight,” or claiming that a dog is man's best friend (girls arguably got the better companion: diamonds).

BY ALLEN R. SANDERSON

And what do we get for our outlays? Are our pets “friends with benefits”? Economists would separate these questions into three categories:

First, presumably these pet owners—or guardians in politically correct language—weighed the costs and benefits, and reached a conclusion that for companionship and/or child development, plunking out good money for Fido or Oscar is worth it, not unlike owning a boat, travel, or any other hobby. In this regard, society has no stake in this private decision. In rural areas, and in earlier eras, dogs and cats also served to herd sheep or as mousers. Now they are more what economists would call a consumption good rather than a production good



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(the same is true of children).

Second, dogs, more than cats, can also constitute, in economic jargon, negative externalities. They bark, can bite, and use others' yards and public spaces as personal rest areas. Thus municipalities may enact leash laws and mandate that owners pick up after their pooches (were there such a law for teenagers!). And to reduce the number of strays, they may either require spaying or give a discount on licenses for neutered animals.

Of course, again dogs more than cats, pets can also be what economists would label positive externalities. Traditionally we think of barking that wards off intruders as one such instance: burglars avoid neighborhoods with dogs. In addition, there is strong evidence that pet owners are not only happier because of their lifestyle choice; they are also healthier (lower blood pressure, less stress, speedier recovery from illness) and thus make fewer demands on society's medical resources, hence another positive externality. Whether dogs and cats pay for themselves—that is, reduce an owner's health-care bills more than they cost to maintain—is an intriguing, and likely answerable, question.

Finally, the old saw that people start to resemble their pets may be tipped on its head: In many cases nowadays, pets resemble their owners—they're getting fat! Due to overfeeding and a lack of exercise in high-density urban environments, more than half of the nation's dogs and cats are overweight, and one in five is clinically obese. Just as Americans are overeating and under-exercising, these traits are being transferred to our non-human companions. So the next time Buster wants to go for a walk, or Felix wants to play, perhaps we should take the hint. □