

A graphic within a rectangular frame. It features a brown, jagged ground line. On the left, a brown smokestack emits a thick, yellowish, wavy plume of smoke. In the center, a small orange stick figure stands on the ground. On the right, a green tree with a brown trunk stands. The background is a solid light blue.

Sustainable Development

A graphic within a rectangular frame, identical to the one on the left. It features a brown, jagged ground line. On the left, a brown smokestack emits a thick, yellowish, wavy plume of smoke. In the center, a small orange stick figure stands on the ground. On the right, a green tree with a brown trunk stands. The background is a solid light blue.

Sustainable Development

Part 9

Technotopia?

The expanding choice set

- More consumption and higher environmental quality?
- What about leisure?
- What about conspicuous consumption?

The expanding choice set

More consumption and higher environmental quality?

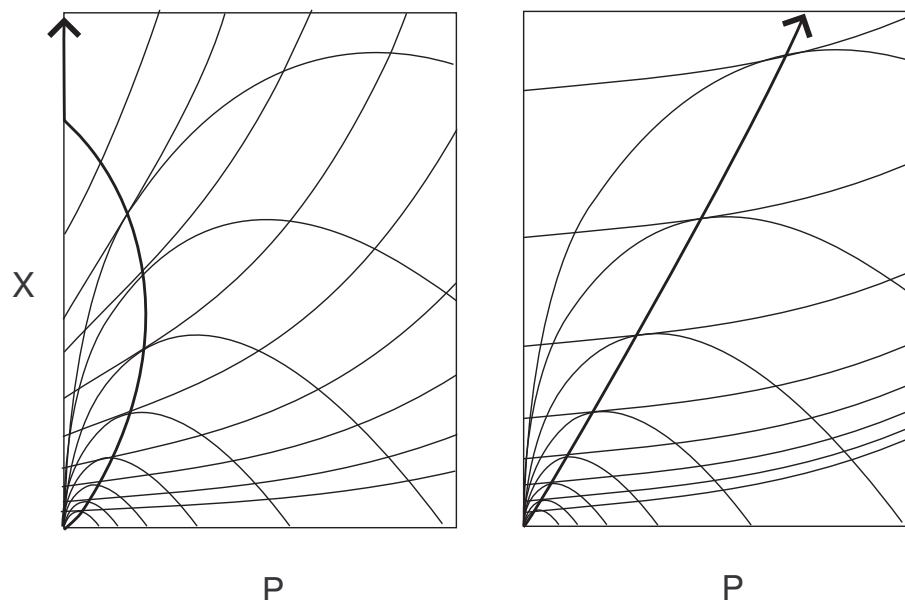
The expanding choice set

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More consumption and higher environmental quality?

The expanding choice set

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- What about leisure?
- What about conspicuous consumption?



$$u = [\beta_c c^\epsilon + \beta_q q^\epsilon]^{1/\epsilon}.$$

What happens as productivity increases, in first best?

Role of ϵ ?

What about leisure?

The expanding choice set

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What about leisure?

The expanding choice set

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$$u = \left[\beta_c c^\epsilon + \beta_q q^\epsilon + \left(\frac{l}{1-l} \right)^\epsilon \right]^{1/\epsilon}.$$

What happens as productivity increases, in first best?

Role of ϵ ?

What about conspicuous consumption?

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What about conspicuous consumption?

The expanding choice set

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What is conspicuous consumption, and why might it be a problem?

The expanding choice set

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What about conspicuous consumption?

Keynes (1930). Economic Possibilities for our Grandchildren.
By 2030 we won't need to work. . .

. . . but will keep working a little motivated by the competition for status.

What about conspicuous consumption?

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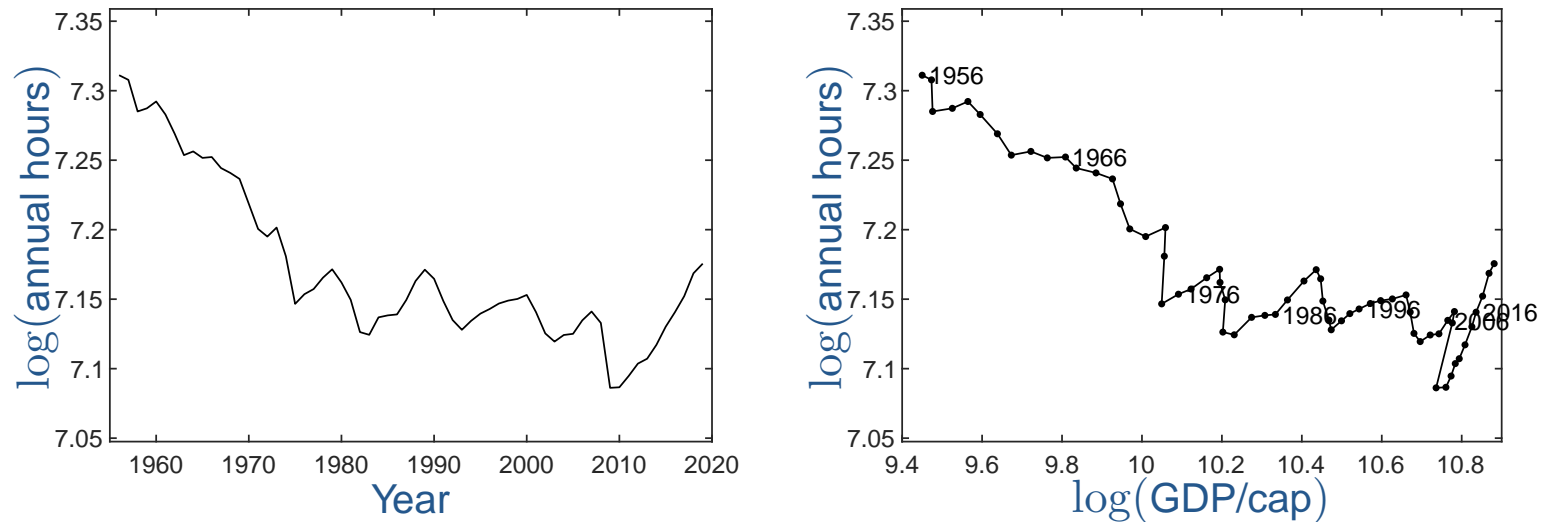


Figure 1: Data over aggregate annual hours per working-age adult and GDP per capita, time-series data for the G7: (a) log hours against year; (b) log hours against log GDP per capita. Sources: OECD and GGDC Total Economy Database.

What about conspicuous consumption?

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$$u_i = \left[\beta_c c_i^\epsilon + \beta_s (c_i/c)^\epsilon + \beta_q q^\epsilon + \left(\frac{l_i}{1-l_i} \right)^\epsilon \right]^{1/\epsilon}.$$

What happens now as productivity increases?

In laissez faire? In first best?

What if the 'conspicuous' good is also emissions-intensive? Might this make sense?

What about conspicuous consumption?

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International consumption externalities?