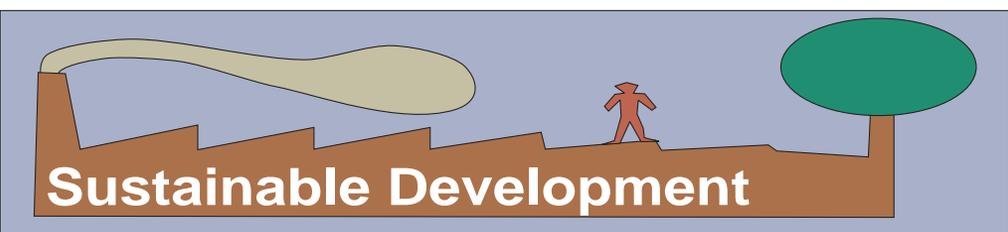
An illustration of a landscape with a brown ground, a blue sky, a green tree, and a red stick figure. A large, light-colored, curved shape is positioned above the ground. The text "Sustainable Development" is written in white on a brown background at the bottom.

**Sustainable Development**

An identical illustration to the one on the left, featuring a landscape with a brown ground, a blue sky, a green tree, and a red stick figure. A large, light-colored, curved shape is positioned above the ground. The text "Sustainable Development" is written in white on a brown background at the bottom.

**Sustainable Development**

Part 9

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**Technotopia?**

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The expanding choice set

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

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## The expanding choice set

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# More consumption and higher environmental quality?

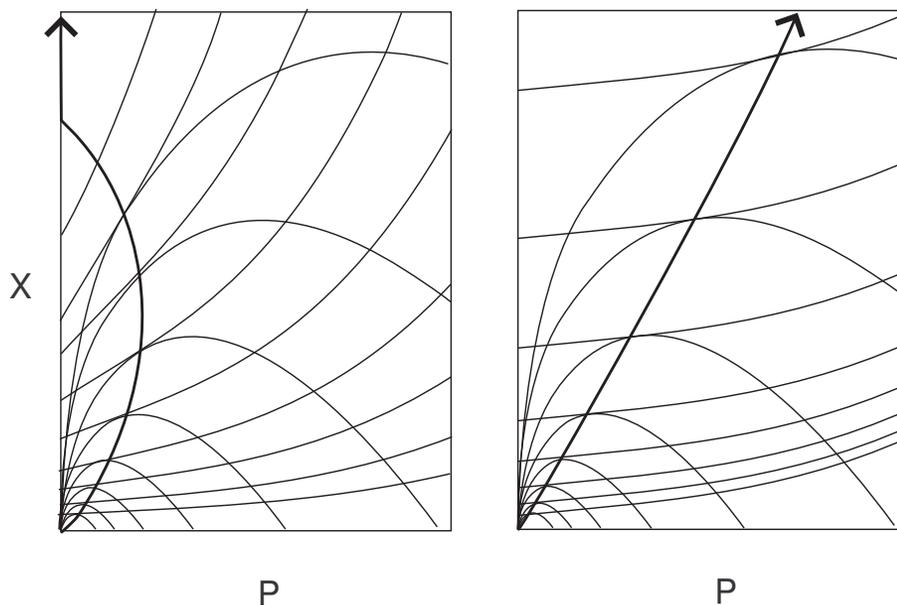
The expanding choice set

- More consumption and higher environmental quality?
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## More consumption and higher environmental quality?

The expanding choice set

- More consumption and higher environmental quality?
- 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  $\epsilon$ ?

# What about leisure?

The expanding choice set

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

## What about leisure?

The expanding choice set

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

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

What happens as productivity increases, in first best?

Role of  $\epsilon$ ?

# What about conspicuous consumption?

The expanding choice set

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

# What about conspicuous consumption?

The expanding choice set

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

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

## What about conspicuous consumption?

The expanding choice set

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

The expanding choice set

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

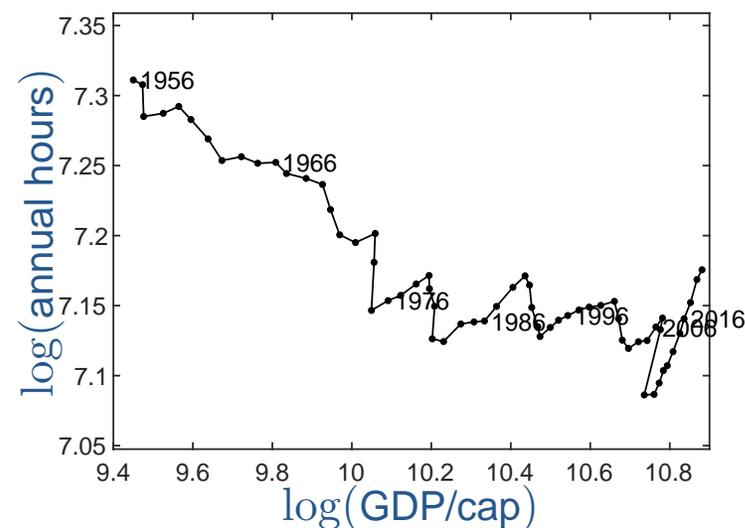
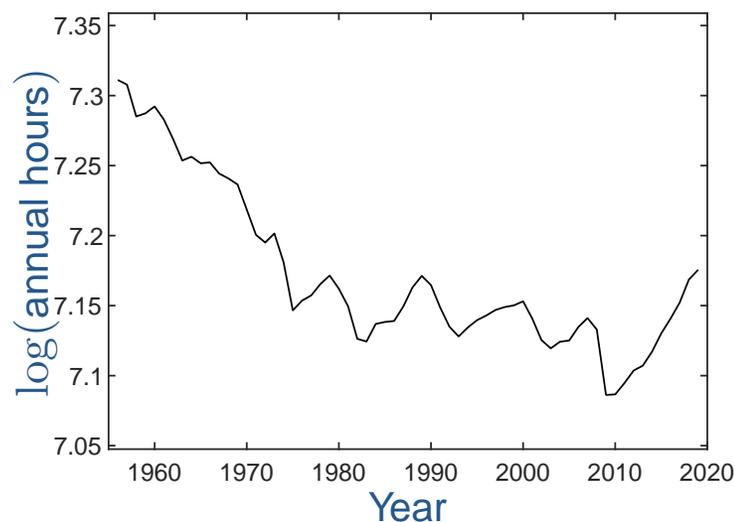


Figure 1: Data over aggregate annual hours per working-age adult and GDP per capita, time-series data for the G7: (a) log hours against year; (b) log hours against log GDP per capita. Sources: OECD and GGDC Total Economy Database.

## What about conspicuous consumption?

The expanding choice set

- More consumption and higher environmental quality?
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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?

The expanding choice set

- More consumption and higher environmental quality?
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*International* consumption externalities?