

Environmentalists and economists have always had a troubled relationship. In the 1970s, some notable economists described environmentalism as a quasi-religious, irrational approach to policy. Environmentalists reciprocated by dismissing economists as narrow-minded bean-counters who ignored environmental values, ecological realities, and distributional issues. Of course, I'm oversimplifying a bit, but you get the idea about the general attitudes.

Environmentalists and economists begin from different premises, and there will probably always be some disconnect in their views. But the gap is less than it used to be. Since then, many environmentalists have become more [open-minded](#) about regulatory tools such as cap-and-trade and pollution taxes, and some people (notably NYU's [Richard Revesz](#)) have argued that cost-benefit analysis, if properly conducted, could incorporate environmentalist values. On the other side, economists have learned a lot in the past forty years. Current analytical tools allow consideration of environmental values (via [contingent valuation](#) and [ecosystem services](#)), irreversible changes (via [real option theory](#)), and catastrophic risks (via [fat-tailed distributions](#)). In short, although some economists use methods that environmentalists will reject, others are more open-minded.

So the intellectual reason for a detente is that the gap is smaller than it used to be. But there's also a practical political reason for environmentalists to pay more attention to economics. As this graph shows, there has been a profound shift in public attitudes over the past dozen years.



The trend is unmistakable. Currently, just over a third of Americans prioritize the environment over the economy. So environmentalists will be on the most solid ground when they can claim the support of economic analysis.

Similarly, economists need to realize that mainstream environmentalists, by and large, are part of the "reality-based community." Many of the anti-regulatory leaders are not (or are too in debt to special interests to care about the facts). For instance, although many economists do want to go slower on climate mitigation than environmentalists favor, at least they aren't denying the scientific facts, unlike one of our major political parties. The current foes of environmental regulation are no longer interested in cost-benefit analysis. They're against regulation even when the benefits clearly outweigh the costs, as in the case of EPA's mercury rule.

In short, although these viewpoints remain distinct — and although some factions on each

side are likely to remain deeply opposed — there may be much more room today for a constructive dialogue. There are increasing reasons to think that economics could be an important tool of persuasion for environmentalists. And economists may find it easier to have a reasoned conversation with environmentalists than with certain “free market” politicians. Isn’t the time ripe for rethinking past differences?