

Every day, we reach receive bountiful gifts in the form of what economists call public goods. I thought it might be worth reposting some Christmas Eve musings on that subject. After all, the holiday season is a time for watching the same old movies and hearing the same old carols as before, so why shouldn't blog posts also be recycled?j. Maybe discussion of public goods — and the Public Interest — will someday become a Christmas tradition!

Each day we receive benefits free of charge: the air we breathe, the clean, unpolluted water we depend on, the climate we live in. We get those regardless of whether we pay taxes or how much or how little we consume. In short, from the view of any one individual, these are freebies, gifts from nature and society as a whole. If we lived in Beijing or New Delhi, we'd realize what a gift it is to have breathable air. And for billions around the world, the gift of clean, unpolluted water is but a dream.

The downside of our ability to enjoy these benefits without personally paying for them, as economists have long realized, is that individuals have no incentive to pay the costs of achieving clean air or sustainable fisheries or a livable climate. These are what economists call public goods. They are also subject to the tragedy of the commons: the inevitable temptation to overuse resources that you don't have to pay for. In small social groups, informal norms can sometimes solve the problem, but that doesn't work in modern societies. Of course, while these public goods are free to us, they aren't free to society as a whole, which is why we need government intervention to keep our environment clean.

In the spirit of the upcoming holiday, here is an ode to the free public goods we are granted every day, with an aside about a real world Grinch who's trying to take those gifts away:

Twas the night before Christmas, when all through the land
Not a creature was stirring nor reading Ayn Rand;
The stockings were hung by the chimney with care,
In hopes that St. Nicholas soon would be there;

....

“Now, CLEAN AIR! Now, WATER! Now, TOXICS-BE-GONE!
On, WETLANDS! On SPECIES! CLEAN POWER!
To the top of the Rockies! To the top of Trump Tower!
Let the environment be clean, so life can go on!”

....

He sprang to his sleigh, to his team gave a whistle,
And away they all flew like the down of a thistle.
But he'd whispered to me ere he told them “Go to it!”
That he'd left lumps of coal at the home of Scott Pruitt.

Happy holidays!