

People often adjust to problems that seem terrible upfront. Some studies show, for instance, that people who lose limbs are very unhappy for awhile but then start to adjust to their positions. Some economists argue that something similar may happen with climate change — we might find that we don't miss extinct animals or disappearing habitats nearly as much as we think we would. If so, they suggest, we should adjust our predictions of the cost of climate change downward.

For instance, two economists at RFF recently suggested:

*"If we become accustomed to climate changes and adapt (mentally and physically), perhaps the costs of climate change are much less than one would predict using today's desires as the basis for such estimation. If so, less climate abatement may be needed; tomorrow's climate may make us just as happy as today's climate. - See more at: <http://www.rff.org/blog/2015/evaluating-long-lived-policies-when-our-desires-change>."*

Before I'm about to criticize this view, I'd like to say two things in favor of these economists. First, they are people whose work I respect and who strike me as reasonable people. Second, they also say that a shift of tastes in the opposite direction could make it even more important to avoid climate change. In other words, this isn't just an anti-environmental argument. And readers of this blog know that I'm not anti-economics either.

Nevertheless, I think this view is wrong. Let's take an extreme example. Suppose climate change gets so that it's dangerous for people to go outside, so no one does. Super-hardy plant varieties are still grown and tended by machines. No large mammals or birds have survived, and no forests. But the economy is in great shape, people are horrified by the idea of going outside, and nobody really misses elephants or eagles or redwoods. What I would argue is that the fact that nobody cares about going outside or about the enormous destruction of biodiversity is not a plus factor which should make us feel better. Instead, I would view the fact that people no longer care about those things as being another very serious harm from climate change. I would think there's something missing in their lives if they no longer care about those things. In fact, if you're wondering about whether this is "just philosophy" or a legitimate thing to include economic analysis, I'd add that I'd be willing to pay something to keep people from losing the desire to go outdoors or their love of nature. Though I don't think that's the point. I'm not sure that I quite buy 100% into Amartya Sen's capabilities approach but I think it's closer to the truth than the standard economic take on human welfare.

This is rather contrary to the tradition in economics, which takes "tastes" as being merely a matter of preferences, about which we should be entirely neutral. If people like the

existence of rainforests, that's great; if they take pleasure from cutting them down, that's great too. Of course, economists don't necessarily believe that in their personal lives, but that's their professional stance. However, it's an unduly blinkered way of thinking about policy.

The title of this post is "What Economists Don't Get." Sen is not only an economist but a Nobel prize winner. And he's not alone. So obviously *some* economists do get the idea. But it's not the mainstream approach.