



Common Sense Economics and the Environment

Forget the charts, equations and tables. Whether you are considering your personal economic well-being, or that of our country, there are some basic principles to consider.

- *Production equals Income ---If more Income is wanted, then more Production is required. Production comes from Labor; (1) hours worked, and (2) productivity per hour*
- *There is no Free Lunch*
 - Consumption cannot be greater than income. If more is spent by person A or country A, than their income, then person A or country A is borrowing income from somewhere; (1) another country, (2) another person ---either currently or from the future.
 - If we allocate all of our income to consumption and thus the production of goods for consumption, nothing is left for investing in goods that increase future production.
 - Short Run Maximization reduces Long Run Maximization
- *Time is our most scarce Resource*
- *When Pollution is a Cost of Producing some Product, there are two ways that cost is paid:*
 - By Society as a whole, and thus ALL Consumers; OR:
 - Only by Consumers and Owners of the Product that Pollutes. This occurs when the cost of Pollution becomes an explicit Cost of Production. A portion of that cost goes to the Consumer in the form of a Price Increase, and a Portion goes to the Owner in the form of a Profit decrease.
- *If we the Consumer place a high enough Value on 'Pollution Free Products' Companies can make more Profit by Producing 'Pollution Free'.*
- *We have two Choices for Directing Economic Activity*
 - Market Operations driven by Profit
 - Government Run driven by whatever Policy the Government Authorities choose to use
- *Government and Societal Structures must encourage Individual Initiative by Rewarding the Pursuit of Self Interest*
- *Without a Belief in the Possibility of a Better Future; we will live only for the moment and insure that our Future is NOT Better*