

Do eco-friendly products harm the environment?

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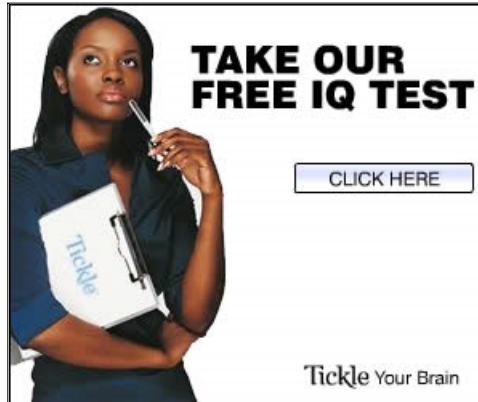
10:00 16 September 2006

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Can eco-friendly products and services, such as shade-grown coffee or green electricity, actually be bad for the environment? Possibly, says one economist.

"Green markets are expanding in many sectors," says Matthew Kotchen at the University of California, Santa Barbara. For example, coffee grown under tropical forest canopy, rather than in the open, aids biodiversity. Electricity from renewable sources comes at a high price, but does not add to pollution. Consumers therefore buy two products at once: coffee and conservation, or electricity and reduced greenhouse gas emissions.

Now an economic model devised by Kotchen suggests that, having bought premium green goods, consumers may be less willing to donate directly to environmental causes, possibly lowering the overall contribution they would otherwise have made (*Journal of Political Economy*, vol 114, p 816). "The result doesn't actually suggest that green products are bad, but we need to be more cautious," he says.

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Printed on Sun Dec 03 01:32:57 GMT 2006