Economics has an important, but largely unrealized, contribution to make to animal welfare issues. This is not surprising, because prevailing economic theory has a history of avoiding difficult issues that may ruin elegant, yet unrealistic, theories. One mantra often heard among economists is that interpersonal comparisons cannot be made. Persky (2001) discusses this issue. An extra dollar spent on food is beneficial to a starving person, and an extra dollar toward a 50-foot yacht is beneficial to a billionaire. Most economists, however, claim it is impossible reasonably to determine who benefits more from that dollar. This perspective severely limits the applicability of economic theory to policy issues. It is hardly surprising that economists unwilling to make welfare comparisons between two people do not consider the welfare of animals. Viewed as property, animals receive no direct economic consideration.

**Assessing the Welfare of Animals**

Clearly, assessing the welfare gains and losses to animals is a challenging and inevitably controversial
task. However, to take on this task even as a rough approximation is preferable to the economic default of, in effect, assigning zero value to the welfare of any sentient life with no spending power. There are tools for assessing animal welfare: for example, the concept of discounted Quality Adjusted Life Years (QALY’s) as an aggregate measure to guide policy for humans suggested by Zeckhauser and Shepard (1976). Dawkins (1990) suggests a viable economic approach by observing the elasticity of demand in animals in the laboratory. According to Dawkins, inelastic demand (as demonstrated by animals continuing to try to do something even when the cost goes up) could be evidence of suffering. Another possible method of combining aggregate welfare measures with other qualitative considerations is to use a constrained maximization approach to animal welfare as suggested in Frank (2002).

Companion Animal Overpopulation

Subsidized spay-neuter programs, one of the more promising techniques for addressing the problem of companion animal overpopulation, has been the subject of controversy. Some researchers have argued that these financial incentives are not effective at controlling animal populations (Beck, 1983; Rowan & Williams, 1987; & MacKay, 1993). Yet, others see evidence that these programs are effective (Rush, 1985; Arkow, 1985). This is an example of an economic debate carried out by non-economists, leading sometimes to oversimplification of key issues. For example, low response to spay/neuter programs has often been cited as evidence they are ineffective, yet there is evidence that even a very small change in the spay/neuter rate can have a powerful impact on long-term population size (Frank, 2001; Animal People, 1994). A second economic debate that has taken place almost exclusively by non-economists is the effectiveness of taxes or regulations to give companion animal purchasers an incentive to adopt rather than buy animals from breeders or pet stores. Strand (1993) gives a breeder’s perspective on this issue. Frank (2001) discusses one economic analysis of the impact of a tax. Other economic issues include the important role of marketing in reducing the euthanasia of companion animals (Fennel, 1999). Fennel blames some of the problem on market imperfections that make shelter dogs weak substitutes for other sources in the minds of some consumers. The author suggests using a marketing-based model to overcome these barriers.