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If you run the numbers, it's a good time

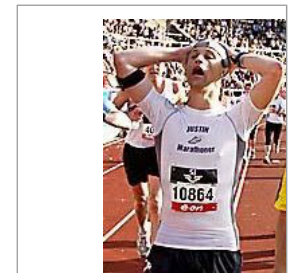
Commentator and economist Justin Wolfers says he's analyzed the costs of his running hobby and, for him, it makes complete economic sense.



Justin Wolfers (Wharton School, Univ. of Pennsylvania)

TEXT OF COMMENTARY

TESS VIGELAND: Today we're continuing our series Econ Fun-01, about what economists do with their free time. You know, how they have fun, or try to, if only their big money brains would turn off. Commentator Justin Wolfers takes exercise to a competitive level. What's economics got to do with it? For Justin, just about everything.



Justin Wolfers finishes the 2008 Stockholm Marathon.

JUSTIN WOLFERS: I'm not just an economist, I'm also a runner, training for the Marine Corps Marathon.

Runners World magazine recently argued that marathon running is an incredibly cheap sport. All you need is a pair of shoes, and you're off and running. But they're wrong.

You see, they were emphasizing the out-of-pocket cost, which is small. But the foundation of all economics is something called opportunity cost. It says that the true cost of something is the alternative you have to give up.

So each hour that I spend running is an hour that I don't spend hanging out, working, or sleeping. How do I choose? Following economic theory, I keep doing an activity only as long as it yields greater benefits than the alternative.

And as I spend my hours slugging out the miles, I'm forced to confront my choices. Instead of sweating it out on the trails, I could take on extra teaching and earn a few extra bucks. And so going running costs me good money.

The same logic applies to you. Each hour you spend on your hobby is an hour you don't spend working harder to get a promotion, studying for a degree, or shopping around for the cheapest groceries.

By my calculations my 16-week training program comes at an opportunity cost of several thousand dollars. A quicker runner would have a smaller opportunity cost. It's only because I'm both slow and an economist that I fret that the world's cheapest sport is actually incredibly expensive.

But to an economist, the choice is still a no-brainer. We think you should only do what you love, and pay for it by doing

what you are good at.

By sticking to economics, I make time for running. Rather than spend hundreds of dollars worth of time cleaning my house each Sunday, I hire a cleaner, who does a better job, at a better price.

When a friend asks me to help them move, I write them a check to pay professional movers instead. It's just more efficient.

And while it can be hard to forgo extra income for a long run, it is even harder to justify wasting that time on Facebook. And with the time that saves, I'm pulling on my shoes to head out for another run.

VIGELAND: Justin Wolfers teaches business and public policy at The Wharton School at the University of Pennsylvania.

COMMENTS

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By Robert Wong
From Fremont, CA, 09/02/2009

Wow, everyone must not have had their endorphin fix yet or their running shorts are too tight. Give the Professor a break. This series is Econ Fun-101. And I found Professor Wolfers commentary to be, well, FUN!

By David Woods
From Center Lovell, ME, 09/01/2009

If you run at 6:00 AM the opportunity costs is measured in zzzz's, not \$\$\$s's. They're free.

By Tom Shillock
From Portland, OR, 09/01/2009

Justin Wolfers makes me suspect that the opportunity costs of attending Wharton are far greater than I realized.

By Ed Casaubon
From bend, OR, 08/31/2009

Your opportunity-cost assumptions don't square. I am both an avid runner and a cheapskate, and I can tell you that I, were I to quit running, would not spend all of that extra time making money. You simply can't work 24 hours a day. My running occupies free recreational time I otherwise would use for some other form of nonremunerative recreation. Ditto cleaning. If you wouldn't really spend your cleaning time pursuing paid employment, then your cleaning time is worth exactly nothing. By not paying a maid to do it, you've saved money - not lost it.

By Kim Kelley
From McKinney, TX, 08/31/2009

While I agree with you that everything has an opportunity cost, there are other aspects to the discussion. These are personal to me but I believe other people can relate. Yes, maybe these hours we spend running are fewer hours dedicated to our jobs and the almighty dollar. What about the aspect that maybe these are hours we spend releasing stress of the daily grind? For many runners, this is a time to recharge. To be frank, some of the best ideas I've had for work came to me while pounding out long runs. I would also argue that the time I spend running is providing a positive influence on my children. It demonstrates that I can put myself first occasionally and that my health is important. Running also allows me to eat a balanced diet; including treats. I will not give my children a legacy of food obsession (either over or under eating). I'm not offended that you think running is a hobby. For most runners, the sport is not a hobby and it's not about training for a marathon to check the bucket list. Running is a healthy lifestyle that should be celebrated in our country; a country that is defined by fast food, fad diets and an overindulgent waistline.

By Adam Dopps
From Phoenix, AZ, 08/31/2009

I understand and agree that with every choice we make, there is something that we are usually giving up as well. I will say that I do not particularly agree with your analysis of this... I do my running in the morning before work, when I otherwise would be in bed. I also run on weekend mornings with my wife. We are both spending quality time together, as well as improving our health. Both of which would usually cost more money to do, in most any other method. We could be spending this time bonding together by going to the movies, or out to breakfast, both costing more money. Or we could be going to the gym, also more expensive. For the most part, we are filling in time that we would otherwise be spending lounging around watching t.v., not earning money. Nothing lost, but alot gained... Thanks for your story either way. Life is all about choices.

By David Barth, CFA
From Jupire, FL, 08/30/2009

Someone should explain "opportunity costs" as well as hidden cost due to suspicious accounting to the collectivist academics, economists, politicians, bureaucrats and media. If policy makers were obligated to do cost/benefit analysis, analyzed by independent analysts, our debt would, in all probability, would be close to

zero. It wouldn't be a bad idea for most households to adhere to this discipline.

By Edward slattery
From NJ, 08/29/2009

I think the professor should have gone for a run instead of writing this article!

By michael filas
From northampton, MA, 08/29/2009

Prof. Wolfers took running for fitness, a topic I am fond of as a runner myself (though not a marathoner) and turned it into a bit of a twisted celebration of his discretionary income. I am a middle-class English professor at a state college. When friends ask me to help move, I show up with my pickup truck and when my house gets dirty, especially when we're having company, my wife and kids and I clean it. Had Prof. Wolfers been just a wee bit less self satisfied, or had Tess taken the opportunity to let some of that pressure off with a joke about throwing money at friends and housekeepers, perhaps I would not have been so bothered. If Marketplace, my favorite NPR show for decades now, is the business show "for the rest of us" then please don't assume your listeners are all down with a fellow, however well positioned, toasting his own smug accounts.

By Roxy Marj
From Salt Lake City, UT, 08/29/2009

Justin, what you have to say about running actually being an expensive sport, does seem to ring true and I wholeheartedly agree....however, further on down you loose me. :/

Your mention of of trying to save time for friends by writing them a check to pay for movers on the surface seems "economical" and it is also surfacely [my own made up word] thoughtful...but, in the long run I feel like it is a missed opportunity. Missing out on cultivating a relationship even more, missing out on the opportunity to really put yourself out there and volunteer your own personal time...not money.

Perhaps I am assuming to much here, but when I was married my ex-husband always tried that same tactic with money. In my church, when a family has just had a baby, it is common for everyone to provide meals to that family after the birth for at least two weeks. I had signed up for one of the days to bring a meal, and I remember distinctly getting in a fight with my ex over the fact that rather than making a full blown out meal for this family that I should just give them \$30...yes, that is thoughtful, but he was missing the point. I made a delicious meal for them, brought it to my friends, sat and chatted for an hour or so and then made my way back home...the next Sunday at church I received a thank you note from my friend for the dinner I had made them and taking the time out of my day to sit and talk. I felt like that was time well spend and an outcome that would not have been the same had I just given her some cash. Since then, I have become even closer with that family along with many others where I have taken the time, not money to share my love.

Disclaimer : please don't take this response as one of scolding, it is more of a reminder as to where our priorities in life should lie. I really believe our lives here on earth are only about relationships with one another. It is great to have accomplishments and to work hard at things, but if it means forfeiting future or current relationships/friendships...then economically it is not worth it.

>>> p.s. I hope what I said made sense to at least someone, I have huge syntax issues.. :/

By B. Ross Barmish
From Madison, WI, 08/29/2009

I am not an economist but I would argue that your analysis overlooks a factor which might be appropriately called "parallel consumption." Let me explain: Instead of marathon training, suppose I spend 12 hours every week engaged in "classical music listening endurance training." While I listen to my music, I do many other things: I prove mathematical theorems on my scratch pad, I plan out my day's work schedule, I mentally create my grocery list, etc. There is an analogy between this type of music listening training and marathon training. As a multi-decade runner, I KNOW that I engage in mental activities in parallel with my run. For example, I often transfer problems from desk to the road and contemplate their solution while admiring beautiful scenery. I would argue that some sort of discounting mechanism should be incorporated into your economic cost model. As a footnote, I would add the following: From my experience, the benefits of parallel consumption decrease as the intensity of the run increases. In the limiting case, when you are going all out at racing pace, you may be so totally engaged in the run that there are few parallel consumption benefits.

By Jay Whitehead
From west orange, NJ, 08/29/2009

As someone who at 50 years old has finished 45 marathons and intends to finish another 55, I say the Wharton economist is right, but for the wrong reason. Sure there's an opportunity cost to training, but by running (the most efficient form of cardio exercise), he's staving off present and future healthcare costs. And with the cost of healthcare rising at 20% annually, running is the most cost-effective thing Wharton boy can do.

By Bob Bob
08/29/2009

Why run, walk for 30-60 minutes a day. Its cheaper, safer and concerning health benefits, as effective as running.

By Shawn Donohue
From ON, 08/28/2009

I found the link to this article on the Runner's World web site. I, obviously, am more of a runner than an economist. I at first found the comments humorous and referred to Wolfers as a pessimist. I guess you can define running with his perspective, but wow, what a harsh view. I have given up runs as other things needed to be done or were given a higher value. But most of the time, I am trading couch time for running so that cost is nil. Of course, the health benefits pointed out in previous submissions are excellent ones as well. As for moving friends, well, that is what friends do. I think Wolfers must run a lot by himself. What is the price of

friends these days?

By Ben Recarey
From Miami, FL, 08/28/2009

I am also an academic and a marathoner, with 24 half and full marathons under my belt so far (including 4 Marine Corps marathons). I can attest to the fact that running is not an inexpensive sport, particularly if you factor in the cost of traveling to distant locations to participate in races.

However, the return you get in good health and longevity (I'm already on Social Security) is "priceless." So that certainly needs to be placed on the "assets" part of the ledger.

I wish good luck to professor Wolfers in his forthcoming Marine Corps - one of the great races of the season - and hope that he is doing plenty of hill work (he's going to need it).

After that, if he hasn't done it yet, I recommend that he do Disney's Race and a Half (the Goofy) in Orlando on January. That's a half marathon on Saturday, followed by a full marathon on Sunday. I'm going back for my fifth one and hope to see him there!

By Panto Kapsis
From Messene, 08/28/2009

I am also an economist and a marathoner so I was delighted with the story. The point is nevertheless that you can't evaluate an hours running. How do you express in \$ the lower probability of disease even if you know the relevant percentages? People just dont do it which goes a long way in disputing the rationality of our choices -another basic principle of economics by the way!

By Emery Lapinski
From Louisville, KY, 08/27/2009

You've forgotten to include the opportunity cost of soiling yourself in public.

By Cameron Murray
From Brisbane, 08/27/2009

I think most of the comments are right, that there are other benefits to running that Wolfers has not explicitly cited. But he does at least try to get people to recognise what economists actually mean by opportunity cost.

By the way, I am an economist, a I love sports of all types, and run and cycle every day. But I do help my friends move, as I enjoy the company, achieving something together, and in Australia at least, you would expect a bbq and beers to cap off the day. Anyone need help moving?

By Scott Kraz
From Salt Lake City, UT, 08/27/2009

Way to only think of the money like an economist. Sure specialization may help the bottom line, but moving your friend or doing yard work may be a healthier whole body workout in the long term than high impact marathon running. Likewise, trying new things stimulates your brain, helping you to be more creative and possibly preventing Alzheimer and other age related mental slow downs.

Specialization and just doing what you like come with their own opportunity costs. Being well rounded and flexible will make you better able to withstand major changes like the current economy, more interesting, and help you to have deeper friendships.

By Brad Serwer
From Olney, MD, 08/26/2009

I was somewhat suprised at such a narrow view taken regarding economics of running. As both a runner and a Cardiologist, I recognize the difficult balance of work and recreation. Considering the fact that this "hobby" has such a positive impact on an individuals health and mental well being, the time spent running is a small price to pay. Those that engage in regular aerobic activities have fewer chronic illness (diabetes, heart disease, high blood pressure, etc.). Not to mention the dramatic improvement in mental concentration and productivity. I argue quite the opposite. With all the focus on health care reform, we have to ask the question "can we afford not to run?"

By A P
From TN, 08/26/2009

Good lesson!

But, what Prof. Wolfers did not mention was benefits of running in terms of increased productivity during other hours, better health, longer lifespan, etc.

If you factor in all the benefits, it will likely make more economic sense.

By Mary Kronkowski
From Grand Rapids, MI, 08/26/2009

This report is an easy-to-understand analysis for the lay-economist; those that are money and time conscious but lack the know-how to break down the numbers (my hand is raised).

I feel this brief lesson in economics is less focused around the idea of friends and more about weighing the options of cost vs. benefits of any and every activity.

With that, I am off facebook and onto getting my day started, productively.

By David Cahn
From Upper Marlboro, MD, 08/25/2009

Justin Wolfers gave a great, easily-understood explanation of opportunity cost and touched on comparative advantage without naming it. A similar segment exploring the latter in greater detail could explain how protectionism costs more domestic jobs than it saves. By the way, after listening to this commentary, I said to myself "Yes, that's the way I learned it so many years ago," only to learn that Wolfers teaches at my alma mater, the Wharton School. Good job!

By James A Keddle
From Richmond, TX, 08/25/2009

This is an interesting piece. Mostly these are good suggestions. Do what you are good at and leave others do what they are good at.

This assumes that one has the FUNDS and Income to live their life this way...

MOST OF US DON'T....

This is easiest understood in Justin's response to being asked by his friends to help them more. He'd write a check so they can pay a mover.

The whole point of his friends asking him to help is They are saving the money that they would have otherwise paid the mover... Perhaps they don't have the money... I know I did all my own moving in earlier life because I could't afford movers...

Sometimes your fiends... just want you to help... not your money...

Time is one thing people value the most. Maybe next time he'll have time for his friends..

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