CASHMERE SWEATERS/COLBERT REPORT

Background: Stephen Colbert has a half-hour, weeknight talk show on Comedy Central. He ruminates on current events with levity and invites an eclectic group of guests to inform and illuminate.

Plot: Colbert’s guest is Evan Osnos, a China based correspondent, who has discovered that a dramatic increase in goats for cashmere has resulted in an unintended consequence. Goats provide the means to knit cashmere. This can be done at a significant cost savings in China. Goat herders have greatly expanded their flocks producing abundant cashmere thus lowering the price making the former extravagance affordable to middle class Americans. Consequently, the U.S. is consuming fifteen times as much of the fabric compared to ten years ago. The problem is that goats have pointy hooves and as they graze on the plains in China they erode the grasses and churn up clouds of dust. These massive clouds are driven by winds eastward resulting in respiratory problems on the west coast of the U.S.

Concepts: Supply, Quantity Demand, Negative Externality, Marginal Cost

1. What is behind the increase in the supply of cashmere in the world?
2. What has caused the increase in the quantity of cashmere demanded by American consumers?
3. Has the demand for cashmere increased in the U.S.?
4. With so many Americans purchasing cashmere, what are the spillover costs of this industry?
5. Living in Florida, where we’re not likely to consume much cashmere, how are you and I paying for the country’s fascination with the cloth?
6. Can you think of any way to resolve this third party cost?