

Scare Scarcity

by Jonathan Lallinger

Monsters, Inc. is an animated kids movie at first glance, but when one looks closer they can see many parallels to our economic situation today along with other general economic principles. The general premise of the movie is that there is a world of monsters and a world of humans, but the monsters rely on the humans to survive. There is a corporation called Monsters, Inc. that captures the screams of humans to use as a universal power source that the monsters use in their cars, homes and any other electronic devices. However, because of how the world is changing, how kids are becoming desensitized to violence, there is a scream shortage in the monster world.

So, in other words, right from the onset the movie starts off with an economic issue, an energy crisis. This energy crisis is what guides the actions of all the characters throughout the remainder of the movie, and from this one can see several economic principles at work. The two main characters, Mike Wazowski and James P. “Sulley” Sullivan, both work at Monsters, Inc. Sulley is the top “scarer”, or essentially the employee of the month, which is something real offices do incite competition, more on the competition aspect of economic later. Sulley is a very conscientious employee and so when Mike wants to try out his new car and drive to work, Sulley encourages him to walk. This is an example of an economic decision, because when in a recession or a crisis, human behavior is affected and most people take on a conservatory mindset. These decisions and behavior come about because unintentionally the people are weighing their decisions using the economic concept of marginal costs and benefits. In Mike’s case it would cost energy, a scarce resource in the monster world at this time, just for the benefit of getting to work quicker and the enjoyment of the ride. However, if he were to walk to work, not only would he save energy, but he would also get exercise, and more time to talk with Sulley. In the

second case the marginal benefits outweigh the single marginal cost of getting to work a few minutes later, but still on time, so therefore he chose the later decision.

As mentioned earlier, when Sulley and Mike arrive at work one can see how Monsters, Inc. has a competition for the top “scarer”. This sort of competition within the workplace is a stimulus used by the company to get the most output from their workers. Not only do the workers enjoy their work more when they are competing, but the company also reaps the benefits of increased production and sales. Normally, however, competition happens between different companies, but this is not seen in the movie because Monsters, Inc. seems to have a monopoly over the energy sector of the economy. Nevertheless, in the case of another rival business producing energy, the company would still compete, except it would be on an overall output scale with the other company, instead of between the workers within the company.

Another economic issue that does not help the energy crisis in the monster world is the fact that all of the new job applicants are not well educated nor are they trained to the standards of the company. Normally this would result in structural unemployment because the workers do not fit the job descriptions, but because of the crisis the company is forced to incur the costs of training new recruits. The movie does not say how the corporation has enough money to train these new workers, which could be a point of contention. Usually when a recession is taking place the business do not have the money to hire, even though qualified workers are looking for jobs. During this period of cyclical unemployment the government would usually step in to help the business, or cut rates, or some other type of monetary policy that they think would set the economy back on the right path to growth.

One could also analyze the events in this movie through supply and demand concepts. At the beginning of the movie the quantity of “scream” demanded would outweigh the quantity of “scream” supplied, so therefore a shortage would exist. Therefore, the head of the company, Mr. Waterhouse, is secretly investing in new technology to increase production, and therefore supply,

which would bring the economy back to equilibrium. However, he takes an economic risk in doing so because he employs his second best employee, Randall, who invents a scream extractor which would severely harm the children by sucking out all their screams. This could get the company into big trouble with the Child Detection Agency (CDA) because they are breaking the law. Luckily for the company, Sulley and Mike discover that a child's laughter is 10 times more powerful than their screams. This new innovation doesn't even require any change in fixed capital because the company can use the same machinery they have been using. They simply need to change their production technique. Now Monsters, Inc can hire comedians instead of "scarers", which works out because their employees are more skilled at making children laugh anyways. So not only did the change in production technique shift the supply curve to the right to bring the economy back to equilibrium, it paved the way so that the economy can maintain that supply in the face of the ever growing demand for energy. This parallels the issues facing our world today, where many companies are investing in all types alternative fuels to decrease our dependency on oil, and alternative ways to convert heat and mechanical energy into electrical energy for a cleaner environment with efficient production.

Taking a look back on the monster's example, the movie ends with the economy operating at equilibrium quantity and price. Also one sees that all the potential employees have been hired so one can assume the economy is operating at full employment. Disney's trademark is concluding movies with a happy ending, and when the economy is at equilibrium and full employment that is truly an economic happily ever after.

References

Monsters, Inc. Dir. David Silverman, Peter Doctor, and Lee Unkrich. With Billy Crystal, John Goodman, and James Coburn. Pixar, 2001.