

Fighting environmental damage through pricing.

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There might be a silver lining to the coronavirus crisis in providing an opportunity to incorporate the costs of environmental damage into the prices of goods and services causing the damage.

Evidence of the interaction between the coronavirus outbreak and environmental damage started accumulating soon after the crisis began. Confronted with this evidence, it appears that even the most avid deniers of the impacts of human activity on the environment are having second thoughts, or at least being less vocal. Thus, the crisis might present us with the opportunity to take meaningful actions to mitigate these human impacts. But what might these actions be?

Many environmentalists hope that education and increased awareness regarding the negative human impact on the environment will encourage the public to adopt more environmentally friendly behaviors. However, while leading activists such as Greta Thunberg of Sweden incorporate environmental factors into their lifestyle choices it is unlikely that such changes will take place on a large enough scale within a short enough time period. We do not have the luxury of waiting for these changes to happen.

A quicker course of action would be imposing a pricing scheme that results in an increase of the prices of goods and services causing environmental damage. An example is a simple policy implemented in Israel in 2017 with respect to plastic bags. This policy, the like of which exists in Washington D.C., banned their free distribution in large supermarket

chains, instead enabling the stores to sell them at a price of about 2.8 cents per bag. The result was swift: in the following year, the use of plastic bags in these chains plunged by 80%.

However, a study conducted in 2017 by Kimberly Nicholas of Lund University in Sweden and Seth Wynes of the University of British Columbia in Canada demonstrates that switching to reusable shopping bags, along with most actions promoted by authorities and schools such as recycling, has little impact on reducing greenhouse gas emissions. The factors with the highest impact on emissions are air travel, car travel, and consumption of animal products. A striking example from the study is that avoiding just one roundtrip transatlantic flight, e.g., from New York to London, saves 8 times more greenhouse gas emissions than a full year of recycling.

Thus, increasing the price by a small amount, as in the plastic bag example, is clearly not the right approach to reducing negative impacts on the environment significantly. With prices of transatlantic flights as low as a couple hundred dollars and those of shorter flights as low as 20-30 dollars, no small increase is going to compensate for their environmental impact. I would therefore suggest another approach: increasing the prices of certain goods and services to reflect the costs of the environmental damage they cause. Obviously, such costs must be carefully quantified jointly by scientists and economists.

The World Health Organization made a recommendation in the same spirit in a 2018 report analyzing the environmental impacts of the tobacco industry. These impacts, as opposed to the health impacts of smoking, were not widely analyzed. One of the report's recommendations was to increase the prices of cigarettes and rolling tobacco in a way that will reflect their environmental damage.

The positive effects on the environment of avoiding air and land travel, as we are compelled to do during the coronavirus crisis, are evident and multifaceted. A pricing scheme that will lead to a long-lasting decrease in these activities, as well as in

consumption of animal products, will have additional benefits, from mitigating traffic jams, to preserving tourist sites, to preventing health hazards associated with eating red meat and promoting animal welfare.

Before this idea is torn to pieces by angry travelers and carnivores, I would like to emphasize that it does not entail banning certain actions altogether. Rather, this pricing scheme enables people to prioritize their consumption of environmentally damaging goods and services and tailor it to their preferences.

Finally, it should be emphasized that the suggested scheme does not constitute a fine, but rather a correction of an existing distortion. If we develop and implement this scheme now, we will realize the environmental benefits in our post-Covid-19 future and potentially avert the next pandemic.