

# ODD NUMBERS

by Zubin Jelveh



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## Ikea's Plastic Bag Tax: Amazingly Successful

In a bid to become more eco-friendly, last March, Ikea's U.S. division **started to charge** 5 cents per bag for going plastic. The alternative for customers was to either bring in their own bags or buy \$0.59 reusable ones from Ikea.

After one year, the company **reports** that the response was exceptional. Ikea's initial goal was to reduce usage in their stores from 70 million to 35 million bags per year. They got that and more: Plastic bag consumption dropped a whopping 92 percent, meaning roughly 64 million less bags were used.

(To learn how widespread plastic bag usage harms the environment **go here.**)

Ireland had similar results when it **introduced a bag levy** in 2002.

The Ikea program did have one downside, although call this a downside is debatable: The company had originally expected to donate \$7 million in proceeds from selling the 5 cent bags, but so few customers opted for them that only \$300,000 was given away.

What's particularly interesting about the Ikea case is how customers responded to the surcharge. Taxes don't have a reputation for being popular, but the Ikea surcharge seems to have been welcomed by shoppers.

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The company doesn't indicate how many blue tote bags were sold last year, but if even only 25 percent of plastic use was converted to blue bag purchases, that would mean the company grossed \$10 million -- the bags are sold at cost -- from customers' environmental zealotry. (Which also makes me think this will be harder to pull off in less trendy chains.)

As a whole, the U.S. is **way behind much of the rest of the industrialized world** in cutting plastic bag use. Heck, even China **outlawed** it.

For their part, the industry group for plastic bag producers -- yes, **there really is one** -- has a handy **list** of myths about grocery bags. But it's never a good sign for your cause when the correction of a myth can be paraphrased as "Don't Blame Us, Everybody's Doing It!":

**Myth #4:** Plastic grocery bags take 1,000 years to decompose in landfills.

**Fact:** Virtually nothing - not paper, food, plastic or even compostable or bio degradable products - decompose in today's landfills, because they are actually designed to be as stable and dry as possible. Research by William Rathje, who runs the Garbage Project, has shown that when excavated from a landfill, newspapers from the 1960s can be intact and readable.

**UPDATE**

Jboulter makes a great point in the comments:

Don't we also need to know how many "reusable" bags were sold during the same period? If customers are choosing to purchase reusable bags and then treating them like disposable bags, how much has actually changed?

And in fact, the blue bags, which are made of polypropylene, are no less biodegradable than plastic bags. In Australia there's been a bit of a **backlash** against the ubiquity of "Green Bags" which are also made from polypropylene.

I think the argument Ikea would make is that even if people only reuse the blue bags a few times it would still be beneficial in the long run.

But this also sounds like a great **Nudge** question? How do we get people to internalize the cost of not reusing reusable bags?

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