

Avoiding environmental costs of food production preferable to 'polluter pays' principle

June 26 2012



Environmental problems can be tackled more effectively by means of the principle of 'seeking the cheapest way of avoiding costs' rather than the 'polluter pays' principle. This is one of the conclusions drawn in a study by Dutch LEI Wageningen UR examining ways of controlling the negative external effects of food production.

In the study 'Kosten die de kassabon niet halen' (Costs that don't appear on the receipt) by LEI, performed on the instructions of the Ministry of Economic Affairs, Agriculture and Innovation, the focus is on the negative effects of food production on humans and the environment. These may be current or future effects, occurring within the Netherlands or in other parts of the world. The costs of such effects are not



incorporated into the price of the food. LEI has now addressed the question of how such costs could be covered.

In this regard, the policy principle of 'seeking the cheapest way of avoiding costs' - trying to avoid external costs as cheaply as possible - is preferable to the well-known 'polluter pays' principle.

The costs must then be applied in locations and situations in which those effects can be prevented at the lowest costs; that is not always the place in which the pollution occurs. Discussions may therefore arise regarding the justice of the principle, the researchers warn.

At present, various measures are being taken in a number of different EU countries in order to cover or avoid the external costs of food, such as taxes on fat and meat. The introduction of such measures is no simple matter and the effects on eating and buying habits are unclear, the researchers write. Nevertheless, under certain circumstances, pricing can form an important instrument, particularly in combination with information for buyers about the type of costs incorporated into the price. The consumer can then make choices on the basis of sustainability.

If the government introduces measures for the purposes of avoiding external <u>costs</u>, these will only be effective if their introduction takes place within the framework of a combination of public and private measures and for the right target groups. Knowledge of the interaction between production and consumption is then important - safer food can give rise to reduced kitchen hygiene, for example.

Provided by Wageningen University

Citation: Avoiding environmental costs of food production preferable to 'polluter pays' principle



(2012, June 26) retrieved 27 April 2024 from https://phys.org/news/2012-06-environmental-food-production-polluter-principle.html

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