

# What's the real cost of a bottle of soda (and everything else)?

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Credit: Matthew Modoono/Northeastern University

When you buy a bottle of soda at the store, a few things factor into the price: the cost to make the soda, to make the bottle, and to transport it to you.

But the price you pay in store doesn't actually cover the full cost of your drink, says Northeastern economist Madhavi Venkatesan. She argues that other, less tangible [costs](#)—such as the environmental cost of breaking down the [plastic bottle](#), the cost to our health by consuming a beverage largely lacking nutrients, and other such long-term effects—should also be incorporated into the cost.

Venkatesan, an assistant professor of economics, is exploring this theory in a class she created at Northeastern. She says [economic models](#) should be changed to better prioritize values, instead of strictly measuring dollars and cents.

"I thought it would be good to have a class that directly and explicitly talked to students about how economics has created these outcomes, the way that we practice it today, and how economics can be the solution to them," Venkatesan says.

Venkatesan says that the existing system separates moral choices from [economic factors](#), creating mechanisms that allow people to distance their choices as consumers from the consequences. When most people go to the grocery store, they decide what to buy based on the face value of different brands. They aren't thinking about the long-term effects of buying plastic or if the company that makes fruit snacks is treating its workers well.

In Venkatesan's class, "Economics of Sustainability," students discuss the consequences of excluding social priorities and personal values from the field of economics. Such metrics might change how societies measure progress and economic growth, she says.

Currently, a country's [economic growth](#) is measured by looking at data such as the Gross Domestic Product—a monetary measure of the market value of goods and services produced in a specific timeframe—or the

[unemployment rate](#), Venkatesan says.

She posits that such metrics don't paint a full picture of a country's economic health, though. For example, the unemployment rate doesn't account for people's quality of life. On paper, a country's workforce can grow because more women are working.

But, Venkatesan says, if they are only working because wages are too low to support their family otherwise, they don't have childcare for their children, and working conditions are poor, that shouldn't count as progress.

The cost to the environment is also top-of-mind for Venkatesan, who is the executive director of Sustainable Practices, a non-profit organization that works to establish a municipal ban on non-emergency single-use plastic bottles across Cape Cod, Massachusetts. By the end of 2019, the ban had been passed in 11 of the 15 towns across the Cape.

Venkatesan says that a key part of teaching economics classes is helping students understand their agency as consumers: the choices they make influence the economy and, she says, can change it for the better.

"Our system fails because underlying it we haven't really cultivated the understanding of what it means to be an [economic](#) agent, and I think that's what introductory economics classes give us the opportunity to do," she says.

For example, she says, if people stop buying soda in plastic bottles, and instead only buy it in aluminum cans, companies will realize that plastic is not profitable and stop making it. So, a small choice as a consumer can have a large impact over time.

"Bottom line is we have to change our education to make people think

not only what benefits them at this moment but how that benefit affects others," Venkatesan says.

Provided by Northeastern University

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