

THE ECONOMIC REPERCUSSIONS OF THE PLASTIC BAG INDUSTRY AND THE CONTROVERSIAL PLASTIC BAG BAN

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Introduction

As plastic production continues to increase, the United States' plastic problem continues also increases. An economic perspective on these bags will analyze how the plastic bag industry affects the economy. This includes, but is not limited to, how consumers use and treat the bags, how companies have been affected by the increased implementation of bans, and how the societal view of plastic bag management coincides with this industry.

Kristian Synburg and other researchers at Roskilde University published *Regulation of Plastic in the Circular Economy* in 2021, which was an article about limiting plastic pollution with circular economy. Synburg emphasized how “the production of plastic accelerated from a few tons in the early 1950s to almost 360 million tons in 2018.” A plastic bag ban has an immediate effect on the economy, implicating plastic production lines.

The economic effects that plastic bag bans have, like the loss of profits and consumer loyalty, is a clear indication that they may be good for the environment, but not for the people. The enforcement of a circular economy through a collaboration between the US Economic Development Administration (EDA) and the American Recyclable Plastic Bag Alliance (ARPBA) will bring great economic benefits to people and companies, while also pleasing people with strong environmental views.

How Americans Choose to Utilize and Treat Plastic Bags

Americans utilize plastic bags every day, most commonly groceries; but bags often end up as litter, also known as visual pollution. Within the years of 2015 to 2020, plastic bags made up 12.12% of Virginia's litter, as reported by Clean

Virginia Waterways, (2020). This state-wide, non-profit organization is a “nationally recognized leader in litter prevention.” Visual pollution deeply affects tourism, as the more litter, the less likely people are to visit. The US tourism industry is worth about \$1.9 trillion, about 2.9% of the country’s GDP.

Plastic bags also tend to clog sewers, which, according to Akenji in *Circular Economy and Plastics*, a review of plastics on the economy in states with the Association of Southeast Asian Nations, causes more floods that cause property damage. Property damage is a major factor when it comes to determining tourism as well. Bhati states in *Psychographic variables, tourist behavior and vandalism in the South-East Asian tourism sector*, (2021), an article about littering and vandalism on Southeast Asia’s tourism rates, “Noticeable degradation decreases the appeal of attractions which in turn affects the tourist experience and satisfaction.” Similarly, less tourism in major parts of the United States can break city economies for a long time.

According to Stephanson, a researcher with the economics department at Berry College, in “Persecuting Plastic Bags”, a chapter within *For Your Own Good*, (2018), a book written to raise awareness about taxes placed on specific items, “The first tax or prohibition imposed in a large jurisdiction was San Francisco’s 2007 ban of single-use plastic bags by supermarkets and chain pharmacies.” This was a big step, considering that by then, over three-fourths of the country was using plastic bags because of how cheap they were.

How Banning Plastic Bags Affect the Everyday Lives of Companies and Consumers

The companies that utilize plastic bags, such as grocery stores, convenience shops, tourist shops, clothing stores, and many more, will suffer alongside the consumer. According to the State Chamber of Oklahoma in their informational fact sheet, *How Plastic Bags Affect the Economy, and the Environment*, “Overall,

plastic bag bans increase prices for consumers, decrease profit for producers, and decrease economic activity in the area affected by the plastic bag ban.”

Plastic bag bans equal taxes that are meant to discourage usage, so they can be bank-breaking if someone cannot afford anything more than the groceries that they have bought. Although, according to Anders Nielson in *An Economic Evaluation of Plastic Bag Regulation*, a master’s thesis for a degree in Philosophy Degree in Development and Environmental Economics, “Annual monthly bag usage rates in that city shrank from 22.5M plastic bags per month in 2009 to 3.0M bags in the first month of the tax strategy,” (2010).

As reported by the State Chamber of Oklahoma in 2019, areas with plastic bag bans also profit less because people chose to not shop at those areas. These results have the potential to replicate in other areas and consumers nationally. Another implication of bans to be considered is employment both factory and retail. “The Plastic Bags and Sacks market in the U.S. is estimated at US\$5.7 Billion in the year 2022,” as stated by the *Global Strategic Business Report* (2024), an all-in-one guide for companies to keep track of the economy. The United States is one of the largest plastic bag manufacturing countries in the world. Banning plastic bags would leave little room for the multitudes of manufacturing employees.

The Circular Economy

Circular economy is “a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible,” as stated by the European Union, in their economy headline, *Circular Economy: Definition, Importance, and Benefits*. This concept has been circulating in the Western hemisphere, but nothing has been done on a large scale to be fully implemented. Items within the circular economy

are used for as long as possible, reinforcing the life span so that they can be more cost-effective.

According to Lewis Akenji, an environmental author of *Circular Economy and Plastics: A Gap-Analysis in ASEAN Member States*, “The circular economy approach distinguishes between biological materials, which can biodegrade, and technical materials (such as metals) that cannot...such differences need to be reflected in the way they are utilized in economic systems,” (2019). Overall, this means that the plastic waste, including plastic bags, are separated so that there is no contamination that would lead the bags to be within the cycle for a lessened amount of time.

Limitations

Many studies analyzing plastics contained pages of complex math that were unable to be understood due to not having studied economics. An environmental view on this subject would give more clarity to how plastic bags affect the world, and a social view would help with conflicting ideas on plastic bag bans would affect the world. Environmental and social perspectives would also be highlighted within a circular economy solution.

Published academic research on plastic bags was limited, and many that did exist were pay blocked. There has also not been much research done on how plastic bags specifically affect the economy in the United States.

Conclusion

A clean solution is hard to impose, since economics is intertwined with many other different points of view. The banning of plastic bags may be worse for the economy, but is good for the environment, therefore less people would be willing to support the side that is against these bans. A collaboration between the United States Economic Development Administration and organizations like ARPBA could reinforce the implementation of a circular economy, even though

collaboration would be unprecedented and grassroots organizing would be needed. Large scale government intervention could be the ball rolling if the voice of the people could start to convince their representatives.

This can be put into plan by stages. Since circular economy is a large system, and the United States is a large country, implementation will take time. With the influence of the people on smaller governments, like smaller cities and counties, the implementation of a circular economy can be slowly introduced in the US, without overwhelming any part of the process. The economic benefits will make sure that the plastic bags can be used as much as possible, making them even more cost effective.

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