

The displacement effect of convenience : the case of recycling

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abstract

We produce a theoretical model that shows how two different recycling behaviours interact with one another from a household perspective. We derive a condition for the net substitutability/complementarity of these behaviours and provide an empirical analysis of the relationship using data for all of the UK's local governments from 2004Q2 to 2013Q3. Our conclusion on substitutability between different behaviours depends on whether we use the notion of net substitutes, which takes into account the income effect or gross substitutes, which does not. In the case of dry recycling, omitting the income effect allows us to conclude that there is no trade-off whereas accounting for the income effect implies that there is. In the case, of green recycling whether we include the income effect or not, we find evidence of a trade-off. Thus, in drawing conclusions for policy it is important to distinguish between the gross and net substitutability of different recycling behaviours.

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