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AIRLINE 'FAT TAXES' ON OBESE TRAVELLERS? A BAD IDEA THAT WON'T FLY

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Why is it that most airlines charge passengers for excess luggage but do not charge them based on their individual weight? At a time of high fuel costs and experimental lifestyle regulatory action, economists, business analysts and airlines operators have begun to play with this idea.

Although it initially sounded like an April Fools' Day joke, Samoa Air announced on April 1 that it is ready to initiate a plan to charge passengers according to their body weight. This tiny company is thus set to become the first airline in the world to embrace a 'pay-as-you-weigh' pricing policy: to charge passengers based on personal weight rather than per seat.

There's been talk of charging by this method for a while, and some analysts believe this is how we will soon pay for future flights. It is no surprise that the provocative CEO of Ryanair, Michael O'Leary, has been flirting with the idea to impose an extra levy on passengers who

weigh considerably more than average.

The concept has recently become the object of serious academic inquiry in an article by Bharat P. Bhatta published last November in the [Journal of Revenue and Pricing Management](#). The author, an economist based in Norway, suggests three methods of implementing the scheme: (i) a straightforward price per kilogram, (ii) a fixed low fare with heavier passengers paying a surcharge and lighter passengers receiving a discount, and (iii) the allocation of passengers into three bands – heavy, normal and light – with proportional charges. Clearly only model (ii) is potentially capable of providing individuals an incentive to lose weight while, at the same time, rewarding slim people.

This fascinating, yet peculiar, scientific inquiry begins by observing the obvious: under the current fare policy, airlines charge the same fare to all passengers for a flight from an origin to a destination, everything else being equal except each passenger's weight. For example, a 120 kg person pays the same fare as a 40 kg person for any given flight. This is generally called 'average price'. Anyone who has squeezed into the middle seat between two passengers of size knows how unfair this pricing policy can be. Yet the situation may seem even worse to the 40 kg person if s/he travels with luggage that exceeds the allowable weight. Assuming that an airline allows its passengers to check 20 kg of luggage, a 40 kg person travelling with a 30 kg bag would have to pay extra for the surplus 10 kg. As

such, the passenger would pay more to transport 70 kg (40 kg of personal weight plus 30 kg of luggage) than a larger passenger who transports 140 kg (120 kg of personal weight plus 20 kg of luggage). The reason for this counterintuitive result is that airlines are indifferent to the distribution of costs among passengers: the 40 kg person subsidizes the extra weight of the 120 kg one. Indeed, under the current pricing policy, a passenger gets a fixed amount of weight for baggage and an unlimited amount of weight for oneself.

However, given the high costs of fuel and the inherent difficulties of the airline business model, operators have become aware of the critical importance of weight on board a flight. As a result, operators are increasingly desperate to reduce weight.

It is against this backdrop that this controversial pricing scheme is gaining grounds. Yet, 'pay-as-you-weigh' pricing raises many difficult questions: Should passengers be charged based on their body weight, like freight is? Would it be fairer than the status quo? Would it be technically and economically feasible to implement the model? And finally, would it work? In other words, to what extent can these price differentials provide passengers an incentive to lose weight so that they can pay a reduced fare? (This remains a big assumption in the relevant literature thus far.)

While all these questions deserve to be rigorously investigated on both theoretical and practical grounds, I contend that their discussion must be preceded by a broader policy question: Which is the normative case for 'pay-as-you-weigh' pricing in the airline industry? For this purpose, we should rewind and pause on the first question: Should passengers be charged based on their body weight,

like freight is?

While it is true that transport services are typically priced according to weight, volume, length or piece, these practices have been applied over the centuries to goods – not to individuals. In other words, transport modes, such as rail, road, human or pack animals, air and water, have never been based on weight and space taken by a passenger *ceteris paribus*. As a result, charging passengers according to their body weight emerges today as a new, groundbreaking concept in the passenger travel industry. Hence, so much controversy.

While it is true that all passengers are not the same with respect to weight and size, and overweight people cause more wear and tear to the airlines' seats, it is equally true that charging them on that basis may immediately be viewed as discriminatory against heavier people. Some people may retort that, under the current 'average fare policy' pricing, slim people pay for others' excess weight. Yet, that's precisely what both the market and society have opted for.

Moreover, in terms of discriminatory impact, 'pay-as-you-weigh' pricing scores even lower than 'fat taxes' as applied to food. Both 'fat taxes' and 'pay-as-you-weigh' pricing pursue a similar objective: to decrease the average weight of the population by relying on a market-based mechanism (i.e. price differential). Yet, the modalities of operation of these two policies differ substantially. While a 'fat tax' on food tactfully influences the future

consumption patterns of a given product, the latter instead penalizes – thus stigmatizing – the actual physical status of an individual. Along these lines, ‘fat taxes’ on food appear to be less discriminatory in nature and possibly more promising in terms of social acceptability.

In any event, given the multifactorial nature of obesity (i.e. food consumption is only one of many possible factors that leads to this condition), the ensuing stigmatization component of the ‘pay-as-you-weigh’ pricing policy seems per se capable of refuting the normative rationale upon which it is built.

‘Pay-as-you-weigh’ flight tickets? They won’t fly.