“The Social Dimension of Deposit Donation Schemes: Recycling Policies in Germany and Sweden”

Based on a dissertation at the London School of Economics and Political Sciences by Elmar Stracke

MSc in Comparative and European Social Policy 2017

When countries introduce or consider introducing bottle deposit schemes, they do so mainly for environmental reasons. Very often, however, they also come with social consequences such as people or organisations trying to generate an extra income from the deposited containers. *Deposit collectors* pick up bottles and cans in public places, return them and keep the deposit amounts for themselves, structurally similar to the people collecting certain valuable materials from trash in less-developed countries. Yet, the deposit schemes also gave birth to so-called *deposit donations* which more and more charitable organisations try to establish. The containers are returned by the consumers themselves, but then they waive the right to collect the money to the respective organisation such as the Red Cross or Foodbanks.

This paper aims at comparing the two mechanisms structurally as well as in the social redistribution that they come with. To what extent do they serve to redistributing wealth from better-off to worse-off shares of the population? While some work has been done on *deposit collectors*, *deposit donations* have scarcely been addressed yet as they are very recent phenomenon. Would they constitute a new instrument of social involvement? Indeed, they do have some properties that are quite distinct from “classic” donation opportunities. The amounts per bottle are small and not infinitely scalable as they are linked to consumption. Since the amounts are fixed per container, the social pressure of giving a certain minimum amount could also be reduced. Lastly, people donate money they have already paid, which might also make it psychologically easier to donate. Therefore, deposit donations might be more accessible for lower-income strata.

To contrast the two mechanisms of redistribution through beverage container deposits, it is important to bear in mind that *deposit collectors* do not receive donation but rather a service-based reward. People for who it is too burdensome to bring a bottle back to the supermarket, throw it into a trash bin or leave it in the streets. *Deposit collectors* come and pick them up to generate an extra income. The public benefits from this in multiple aspects: Containers are taken to the correct recycling scheme increasing the recycling quota and making the system more efficient. They do not pollute the environment anymore and cannot be harmful to others (thrown as projectiles or causing cuts). The *collector* receives self-respect and esteem from their “entrepreneurial” activity as well as the satisfying feeling to serve the public. Contrary to many beliefs, these *collectors* are not the poorest of society in the observed countries. Often it is people who want to improve their low pension or work in low-paid jobs.

Deposit donations, however, are real donations. The organisations have to do little or nothing in return for the donated amounts. Consumers return their bottles and waive the deposit amounts to the charitable organisation. Yet, it needs to be noted that *deposit donations* are not a pareto-efficient improvement of *deposit collections*. Both options are equally good with regards to recycling quotas and environmental concerns. But in both cases different groups benefit. While deposit collectors need to work for their money which serves not only to financial means but also to self-respect and esteem, *donations* are a classic donation without compensations in return.

Even if the *donations* go to local foodbanks that serve poor people in the area, many of the *collectors* would not benefit from this redistribution as they do not qualify for foodbanks because their formal income is too high.

To assess the redistribution of *deposit donations*, the donation data from roughly 200 Berlin and Stockholm supermarkets from 2015 and 2016 have been analysed. On the assumption that people go to their closest store to return bottles and cans, the social-economic profile of neighbourhoods has been compared to the donation data in the respective markets. Notably, the key data average age, income, education and unemployment have been used. In a classic donation context, age, income and education are strongly positively and unemployment is strongly negatively correlated with donation amounts. On the one hand, it should be examined whether a redistribution from rich to poor takes place and on the other hand if this could expand the classic donor profile society. The results show that as for classic donations, income, education and unemployment are strongly correlated with the donation amounts. However, age seems not to play a role for *deposit donations*. This suggests that young age groups have a stronger share in the use of this instrument of social involvement as opposed to others. Since the donations benefit organisations that take care of people in disaster or famine areas of the world or of recognised poor and homeless people, it can be assume that they entirely more disadvantaged and worse-off than the donors in Germany and Sweden. *Deposit donations* therefore seem to both attract young people and redistribute money from better-off to worse-off people.