

A common sense COVID-19 proposal

Customers often appreciate being able to pay one price for a bundle of goods. For instance, at many nice restaurants, customers pay one price for a

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meal that includes both a main dish and side dishes. They also pay one price for an oil change that might include inspections of belts, hoses and brakes. But not all bundles of goods are sold as a package. Sometimes the items are sold individually. Firms charge separate prices for two reasons. First and perhaps obviously, firms may find it efficient to charge separate prices. For example, McDonalds charges separate prices if people don't order a value meal. This allows customers to buy what they want instead of only what is available in value meals. Second and not so obviously, firms charge separate prices for the items in a bundle in an attempt to price discriminate.

Price discrimination occurs when firms charge high prices to some customers and low prices to other customers. For instance, the Wall Street Journal's subscription price is high for business people and low for students. The newspaper can get away with charging the high price to business people

since these customers make enough money to afford high prices. Students, on the other, hand won't pay the high price, so the Wall Street Journal offers them a low price to get their business. However, firms can't always split people into groups to determine who is probably willing to pay high prices. But, firms have another alternative. They can sell a primary product and tag on extra services that are attractive to customers who value the product highly. From the firms' perspective, selling the extra services is a lot like charging a higher price.

Airline companies are probably getting away with price discrimination. They charge one price for tickets, another price for each bag, and additional fees that allow customers to pick their seats. The customers who are willing to pay a lot for air travel are also willing to pay for all the extras. People who aren't willing to pay as much get by with only carry-on luggage and seat assignments that break up their groups.

The cheaper customers, like myself, find it annoying that we have to pay to get seat assignments that allow us to sit by our family members. This is especially annoying since we remember when the ability to pick our seats was included in the price of airline tickets. Now, with COVID-19 still killing over 1,000 Americans

a day, the airlines' price discrimination practices aren't just an example of greed. Instead, their seating practices are irresponsible and cause passengers to become needlessly infected with COVID-19.

To illustrate why this price discrimination is irresponsible, consider a family. If one family member has the virus, then the rest of the family probably has it as well (since they see each other so much). If the infected family sits together on a plane, then infected people are just sitting next to each other. As a result, the virus is unlikely to spread. If, on the other hand, the family is split up, then more uninfected passengers will have to sit next to infected passengers, which will cause the virus to spread.

The implication is clear. The pandemic has disrupted most of our lives. We wear masks, avoid crowds and take other precautions. We all need to do our part to reduce the chance of spreading the virus. The airlines should do their part as well. They should suspend their practice of charging groups extra so they can sit together. Instead, the airlines should require groups to sit together. This will minimize the close contact uninfected people have with infected people.

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