

Title:

The animal welfare levy*

Abstract:

We provide an economic rationale for implementing a meat consumption levy because of animal welfare considerations. This levy operates similarly to a Pigouvian fee by accounting for externalities on animals produced for meat. Under total utilitarianism, the levy per animal is equal to the opposite of the farm animal utility level. As a result, the levy acts as a subsidy when an animal's life is considered worth living, and as a tax when it is not. Under average utilitarianism, the levy is always a tax when human welfare exceeds animal welfare. To calibrate the appropriate levy rate, we combine the Five-Freedom approach with the quality-adjusted life years. Our findings indicate that the tax per kg of meat is significantly higher for chickens and pigs compared to cows. This result stands in contrast with the taxation of other meat externalities (e.g., climate externalities).

*cowritten with Romain Espinosa

The working paper is available [here](#).