

What's Wrong With Asking What's In It For Me?

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We'll see better outcomes if government policies are sold by appealing to good citizenship rather than the public's sense of entitlement, writes Ian McAuley

The first few questions in last week's Q and A with Julia Gillard went straight to the "what's in it for me?" pattern of political engagement.

The second questioner was clearly upset. She said "We slide into the middle-class band whereby we don't get any subsidies whatsoever. We feel we're constantly paying out."

She had earlier complained about the means testing of the private health insurance rebate — a means test which applies to families with incomes above \$168,000 a year. That would put her household into the highest six percent of household incomes. In fact, if she really meant her family was getting no subsidies, her family income would be above \$260,000 a year — in the top three percent of household incomes.

The Twitter responses were hardly complimentary to the questioner. Yet she was doing no more than articulating two commonly-held views.

The first is about "constantly paying out" — with the implication that her family is getting nothing in return. Of course her household would be paying a reasonable amount of tax, but they would still be getting the benefit of defence, policing, heavily subsidised education and health care (even with top level private insurance), roads and a range of other public assets and services.

Unfortunately, so successful have been the neoliberal attacks on government (even from some of New Matilda's commentators) that there is a belief that our governments produce nothing of value.

The second view, about which Laura Tingle has written at length in the current Quarterly Essay, is about a culture of entitlement. It's come to the stage that people who are clearly well-off feel no embarrassment about claiming, publicly, that they are entitled to welfare payments.

The Government itself must bear some responsibility for this culture, particularly in the way it has been handling the introduction of carbon pricing, because its whole message is about "compensation", or "what's in it for me?" — rather than any appeal to other motivations.

In his recently-published work "What money can't buy: the moral limits of markets", Michael Sandel describes what happened when the Swiss government proposed to locate a storage for nuclear waste near the village of Wolfenschiessen. In typical Swiss fashion, the issue was put to a village plebiscite. No-one likes a nuclear waste dump, but there was sufficient feeling that, given Switzerland's dependence on nuclear energy, the local citizens should bear their share of the burden. The proposal just got over the line with 51 per cent support.

In light of this bare majority of support the Swiss government offered substantial cash compensation to the villagers — almost \$9000 a head.

In response to that offer, however, support for the proposal fell to 25 per cent.

Politicians may have been surprised, but behavioural economists weren't. What had been a duty, a social obligation, became just another "what's in it for me?" market transaction, devaluing the villagers' sense of citizenship.

Our Government was on the right track early on, when it referred to climate change as "the greatest moral challenge of our time". That message has now morphed into one of "compensation", and the consequences are clear.

Since 2010, according to Nielsen polls, support for the Government's carbon pricing policy has slipped from 46 per cent to 36 per cent, and, according to the recent Lowy poll (pdf), 57 per cent of people now support the Coalition's proposal to abolish the emissions trading scheme. There is also a strong notion that we should not move before other countries — fed, perhaps, by a false notion that we are going it alone.

Another problem with the Government's message, which behavioural economists would identify, is its passivity. There is nothing in its messages about what I can do to help reduce CO2 pollution. Rather, the

message is that I will be paying higher electricity and gas bills, and, if my means are constrained, will be given some money to pay those bills, with little small change left over. No wonder people simply see it as unnecessary churning.

At a cold, economically "rational" level, the Government's policy makes sense, because the incentives are aimed at the power generators. Evidence on household behaviour suggests that households do not respond strongly to energy price changes with changes in consumption. (In economists' terms, the elasticity of demand is low.)

But that analysis ignores what we know about motivation, because people are more likely to accept policy changes, even those which impose some burden, if they can feel involved. (Those economic sceptics who are open to argument will find the work of George Akerlof and Rachel Kranton.)

There are ways in which households can become involved, rather than simply grudgingly paying their bills with their "compensation" money. For example, it isn't very expensive to replace our remaining incandescent light bulbs and to install door and window sealing strips. Those with access to finance can replace old appliances, or invest in solar energy (which, in many areas, provides good returns even without feed-in tariffs). Just last Saturday, on Geraldine Doogue's Saturday Extra program, Nigel Morris of Solar Business Services described many practical measures people could take to reduce their electricity bills.

These actions, in themselves, won't save the planet. Even those with small returns count, however, because through them people become personally involved. They're akin to the way in Britain, between 1939 and 1945, people donated aluminium utensils as contributions to the war effort. Those pots and pans may not have made many Spitfires, but they certainly got people on side and engaged with the urgency of the task at hand.

It's not too late for the Government to change its message — even to champion Australia's initiatives as an early mover on the world stage, as we have done over the years in issues as diverse as female suffrage and cigarette packaging. The challenge for the Government, as it is for the Q and A questioners, is to break from the "what's in it for me?" framing of public policy.