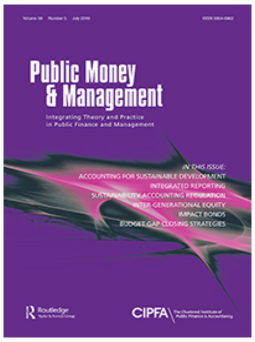

Public Money & Management

ISSN: 0954-0962 (Print) 1467-9302 (Online) Journal homepage: http://www.tandfonline.com/loi/rpmm20

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To cite this article: David Griggs & Liam Smith (2018) Debate: Doing well by doing good: should it be compulsory?, Public Money & Management, 38:5, 389-391, DOI: 10.1080/09540962.2018.1478486

To link to this article: https://doi.org/10.1080/09540962.2018.1478486

Published online: 01 Jun 2018.

Non-theme articles

Debate: Doing well by doing good: should it be compulsory?

David Griggs and Liam Smith

A report from Oxfam (2017) shows that the richest 1% of the world's population owns as much as the rest of the world combined, and that it takes cash and assets worth just US$760,000 to make it into that 1%. In fact, the richest 62 people in the world own as much together as the lower half of the global wealth distribution. While some question these particular figures, whatever figures you use show a remarkable concentration of the world's wealth in the hands of very few people.

At the same time, Pickett and Wilkinson (2009) show the 'pernicious effects that inequality has on societies: eroding trust, increasing anxiety and illness [and] encouraging excessive consumption'. They claim this applies to 11 different health and social problems: physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage pregnancies, and child well-being. Outcomes in each of these areas are significantly worse the greater the inequality across a sample of rich countries. Recognizing this, the United Nations highlighted reducing inequality within and between countries as one of its 17 Sustainable Development Goals (SDGs).

Clearly some mechanism is required to close the gap between the poorest and the richest in society. In principle, there are two ways this can be done: in economic terminology, by changing resource allocation or by altering income distribution in simple terms by growing the overall size of the pie or by changing how you slice it up. Growing the pie makes it possible, in theory, for all to increase their wealth over time and for the gap to be closed as the poorest in society increase their wealth at a faster rate than the richest. Yet ACOSS (2015) argues that this is exactly the opposite of what is actually happening.

So what about changing how you slice up the pie? Redistribution of income or wealth is not a new idea and has taken many forms. Between the extremes of communist dictatorship and *laissez-faire* capitalism lies a spectrum of 'mixed economies', along which all of the advanced 'rich' economies of the developed world are positioned. It is generally accepted that some degree of public intervention is acceptable in order to provide essential welfare functions, for example healthcare, education, superannuation. In economic terms, the question is what the most efficient or least-cost way of doing this looks like. One way is for the government to decide that it knows best what people need and simply provide the required services, raising the necessary taxes to fund them.

But taxes are unpopular, partly because people do not believe that the government actually does know better than they do what is in their best interests. Moreover, governments can waste a great deal of money in the process of taxing Mary to pay Peter and Paul. Standard economic theory posits that, in general, people know what is best for them, and as soon as you override consumer sovereignty you lose efficiency. More contested theory suggests that individual preferences are systematically myopic, and this can give rise to heedless accumulation of personal wealth, among other potentially harmful effects.

So, is it possible to design a system of wealth redistribution that achieves the social outcomes people think are important, while retaining a measure of individual sovereignty and overcoming the lack of trust in government?

Here we propose a system of 'Giving for Good'. Under this system, once your income reaches a level at which most people would accept that you are relatively wealthy, say US$200,000 a year, in addition to your regular taxes, you would be required to donate an additional small percentage, say 2%, to charity, community or tax deductible organizations of your choice. As your income continues to rise, the additional percentage you would be required to donate would increase on a sliding scale. Obviously, this is an alternative method of wealth redistribution, or changing how the pie is sliced. Hence, it begins to address the issue of wealth inequality, but there are other aspects that are also potentially attractive.

First, you get to decide where your donation goes, so this system retains an element of individual sovereignty and hence overcomes the lack of trust in government to spend your money wisely to achieve the social outcomes

http://dx.doi.org/10.1080/09540962.2018.1478486

that are important to you. But government should also be happy as these programmes would all have charitable status and hence be programmes that the government has already decided are worthwhile; in other words, programmes that the government would have funded anyway out of taxes, or would have liked to fund were there sufficient revenue to do so. Although the source of revenue is different, an illustration of the potential power of this type of wealth distribution is the UK's National Lottery. In this case, 28% of the profits from the lottery are used to support 'good causes', and this has been of great benefit to local communities.

Second, the system would not alter relative wealth. The richest would still be the richest. This is important because how people compare to their peers has been shown to be more important to status and personal satisfaction than absolute levels of wealth.

In addition to wealth redistribution benefits, there are other ways that giving is good for us. These were articulated by Marsh and Suttie (2010) as follows:

- Giving makes people happy. Scientists also believe that altruistic behaviour releases endorphins in the brain, producing a positive feeling.
- Giving is good for your health. A wide range of research has linked different forms of generosity to better health. One reason giving may improve physical health and longevity is that it helps decrease stress.
- Giving promotes co-operation and social connection.
- Giving evokes gratitude.
- Giving is contagious.

There is a large amount of supporting evidence for Marsh and Suttie's (2010) assertions. For example researchers have consistently shown that spending on others leads to greater happiness (for example Dunn *et al*., 2008; Dunn and Norton, 2013), even when required (Anik *et al*., 2013), and having volition over tax spend (tax agency) may result in increased tax compliance (Lamberton *et al*., 2014).

One explanation for this effect is Bem's (1972) self-perception theory, which posits that individuals determine their identity, at least in part, by their actions. Many studies have shown that, when individuals take action, it shapes their perception of themselves. By extension, social psychologist Robert Cialdini argues that doing simple seemingly meaningless acts predisposes individuals to behave consistently with that action in the future (2009). For example, signing a petition for a cause predisposes donation in the future.

So, counter-intuitively, 'Giving for Good' would benefit those doing the giving, as well as those on the receiving end. Introducing 'Giving for Good' would also start to change the narrative around how the richest in society view themselves and are viewed by others. Instead of the wealthy being viewed as pariahs, exploiting society and getting rich at the expense of the poor, they would begin to be seen as making a positive contribution to society and their community. The richer you get, the more you give, the more you are seen to be contributing to society and hence your standing and reputation in the community increases.

Although 'Giving for Good' would benefit those doing the giving, they might not see it that way, at least initially. This presents a challenge to implementing such a scheme. But any form of compulsion is likely to be met with resistance and there will be some people who will seek to pursue individual benefit by avoiding or undermining the scheme. This is analogous to people finding loopholes to avoid paying tax. Hence, such a scheme would have to be supported by a compliance mechanism. But those seen to be avoiding the scheme or breaking the rules would be seen as taking from the community, not a faceless government, causing them reputational damage. So there would be a social, as well as a legal, compulsion to comply.

Nonetheless, it should be possible to design a win–win system of 'Giving for Good' that would make a small contribution to reducing wealth inequality, while at the same time retaining an element of individual sovereignty, mitigating lack of trust in government and even providing health and wellbeing benefits to those doing the giving.

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Debate: Impact measurement and social public procurement

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After the 2008 economic crisis, many administrations at different levels, pressed by the need to cut public spending and contain public debt and deficits, tried new forms of social public procurement with the aim of creating direct and indirect social value (Furneaux and Barraket, 2014). The effectiveness of these policies, the ambitiousness of their goals, and their potential diffusion were often limited by the need to monitor and evaluate results and social impacts.

This reflection is particularly relevant today, when many external factors make social impact measurement inevitable and extensive. Attempts by public administrations to re-engineer their procurement schemes to be outcome-based is consistent with the emergence and acceleration of social impact finance and the outcome-based, or pay-for-results financing models (Arena *et al*., 2016).

I began a recent article (with Mario Calderini) with the social impact measurement literature, which discusses the need for common and shared frameworks for social ventures and addresses the lack of consolidated instruments to measure the social value of public administration services (Bengo and Calderini, 2016). We identified three main barriers: measurement standards, measurement data and measurement governance.

The first popular theme in international circles is measurement techniques and, more generally, measurement standards. This debate is essentially summarized in three sub-questions. The first is strictly technical and concerns the contrast between synthetic metrics and descriptive process indicators (Bengo *et al.*, 2016). The second refers to the ability or inability to standardize measurements in advance: should we look for closed indicator systems based on predefined indicator packages or move towards an open system based on guidelines and general reporting? For example, the G8 taskforce on impact finance strongly suggested the second path (Social Impact Investment Taskforce, 2014). The third question concerns the possibility of defining a measurement standard and, specifically, which process should be used to define this standard: *de jure, de facto,* or with spontaneous coalition instruments between private and public bodies?

The academic literature related to the definition of technological standards shows that this can be achieved by finding a balance between the two extremes of imposition *de jure* and the spontaneous, *de facto*, definition of the market. This means intermediate governance tools, public–private coalitions that involve associations, research organizations, individual businesses and public and private financiers, and allowing sufficiently heterogeneous and open standards to be defined but shared and generated through a participatory process (Arena *et al*., 2018). This would occur without indicator packages but, instead, by defining broad guidelines inspired by principles of information, measurability, clarity and transparency.

Rather than imposing obligations, the public entity should formulate a soft-governance approach to determine measurement standards with a dual role, on one hand, by providing support to less powerful bodies (for example social enterprises) by consolidating specific technical skills and abilities and, on the other hand, by becoming guarantors of balanced and harmonious interests among all the players involved. Specifically, it could direct the participatory

http://dx.doi.org/10.1080/09540962.2018.1471817