

Name and shame

The power of reputation should be harnessed to stop selfish people from wrecking the planet, say **David Rand** and **Martin Nowak**

HAVE you ever noticed a friend or neighbour driving a new hybrid car and felt pressure to trade in your gas guzzler? Or worried about what people might think when you drive up to the office in an SUV? If so, then you have experienced the power of reputation for encouraging good public behaviour. In fact, reputation is such an effective motivator that it could help us solve the most pressing issue we face – protecting our planet.

Environmental problems are difficult to solve because Earth is a “public good”. Even though we would all be better off if everyone reduced their environmental impact, it is not in anyone’s individual interest to do so. This leads to the famous “tragedy of the commons”, in which public resources are overexploited and everyone suffers.

Public goods situations crop up all over the place, including decisions on maintaining roads, funding the police and whether or not to shirk at work. This leads us to an important question: is it possible to make people care enough about such problems to do their bit? To help answer this, researchers have developed a representation of such situations called the public goods game. The results give cause to believe that the tragedy of the commons can be overcome.

In the public goods game, each player is given a sum of money, say \$10. They then choose how much to keep and how much to anonymously contribute to a common pool. Contributions are multiplied by some factor



(less than the number of players) and then split equally among all players. If everyone contributes, the payout is higher. But making a contribution is costly, and causes you to end up worse off than if you did not contribute.

Imagine, for example, four people playing a game in which contributions are doubled. If everyone contributes their \$10, they all end up with \$20. But a player who refuses to contribute while the others put in the full amount ends up with \$25 while the rest get \$15 each. If only one player contributes their \$10, they end up with just \$5 and everybody else \$15. The self-interested thing to do, therefore,

is never to contribute.

When the public goods game is played in the lab, most people usually begin by contributing a large amount, trying to do their part towards maximising the group’s earnings. Some people, however, decide to take a slice of the profits without contributing. Over time this free-riding undermines the others’ willingness to pay and the average contribution decreases. This results in significantly lower earnings all round, recreating

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the tragedy of the commons.

The public goods game gives us an opportunity to explore interventions that encourage cooperation. Experiments have shown, for example, that making each player’s contribution public can sustain contributions at a high level. It appears that the benefit of earning a good name outweighs the costs of doing your part for the greater good, and even selfish people can be motivated to care. It is worth contributing in order to protect your standing in the community.

Out in the real world, these experiments suggest a way to help make people reduce their impact on the environment. If information about each of our environmental footprints was made public, concern for maintaining a good reputation could impact behaviour. Would you want your neighbours, friends, or colleagues to think of you as a free rider, harming the environment while benefiting from the restraint of others?

The power of reputation is already being harnessed to protect the environment. Hybrid cars such as the Toyota Prius have recognisable designs, advertising their driver’s commitment to cleaner energy for all to see. Some energy companies give green flags to customers who choose to pay extra for energy from a more environmentally friendly source, allowing people to openly display their green credentials. Similarly, individuals who volunteer in environmental clean-up days receive T-shirts advertising their participation.

Tokens such as these serve a dual purpose. First, they allow those who contribute to reap benefits through reputation, helping to compensate them for the costs they incur. Secondly, when people display their commitment to conservation, it reinforces the norm of participation and increases the pressure on free riders. If you know that all of your neighbours are paying extra for green energy or volunteering on a conservation project, that makes you all the more inclined to do so yourself.

Even better than voluntary displays would be laws enforcing disclosure. For example, governments could require energy companies to publish the amount of electricity used by each home and business in a searchable database. Likewise, gasoline use could be calculated if, at yearly inspections, mechanics were required to report the number of kilometres driven. Cars could be forced to display large stickers indicating average distance travelled, with inefficient cars labelled similarly to cigarettes: "Environmentalist's warning: this car is highly inefficient. Its emissions contribute to climate change and cause lung cancer and other diseases." Judging from our laboratory research, such policies would motivate people to reduce their carbon footprint.

Although laws of this kind raise possible privacy issues, the potential gains could be great. In a world where each of us was accountable to everybody else for the environmental damage we cause, there would be strong incentives to reduce the energy we use, the carbon dioxide we emit and the pollution we create. In such a world, we might be able to avert a global tragedy of the commons. ■

David Rand is a postdoctoral fellow in mathematical biology at Harvard University. Martin Nowak is professor of biology and mathematics at Harvard University.

One minute with... Philip Rosedale

Residents of Second Life have spent one billion hours in this virtual world says its founder, who has plans for a new version

The populations and economies of virtual worlds are growing rapidly. How much bigger will they get?

They are still in their infancy. My expectation is we will see a web-scale usage fairly soon, meaning 1 billion people. Currently some 250,000 people use Second Life every day. I expect that to grow by three orders of magnitude. I think the total GDP of virtual worlds will catch up with real-world GDP over the next 20 to 30 years.

Yet many people are hostile to the notion of virtual worlds.

A lot of human interest, activity, creativity, and ultimately money and commerce, are moving into virtual worlds. I think people find that level of disruption to the way things work frightening and upsetting. So denial or being dismissive is natural.

How does spending a lot of time in virtual worlds affect people psychologically?

As an avatar it is more likely that you'll do something unusual that you might have thought about but not wanted to try in the real world. So you're more likely to change your real-world life in a positive or aspirational way.

You have spoken about virtual worlds as being the next incarnation of the internet, or web 3.0. What do you mean?

The web today does not optimise for human behaviour. When we use it we are usually alone and it is not live. In a Second Life store you can see other people, sit with and talk to them. I envisage we will move a lot of what we are doing on the internet today into these more lifelike, 3D spaces.

Do we need virtual police and courts to deal with the growth of virtual crime?

Formalised virtual courts will emerge as a result of common law and collective behaviour. I think big groups will band together and set up their own courts to decide whether to let people enter their property. Being restricted by the judgement of one's peers will have material, social and economic consequences and, therefore, the force of law.



PROFILE

Philip Rosedale set up the company Linden Lab in San Francisco in 1999, which launched virtual world Second Life. Residents interact with each other through their avatars

How do you respond to traders who claim you have not done enough to protect the trademarks and copyrights on virtual goods?

Fundamentally there's a greater degree of accountability and ownership in Second Life than there is in the real world. Any piece of content can have the name of its owner and creator permanently burned into it. However, the virtual world as a whole will have to work out how ownership is going to work. As a company and platform creator we are only a part of that discussion.

You've announced that you are stepping down from running Second Life. What are your plans?

At Linden we have more meetings within Second Life than in the physical reality. I'll be launching a new company this year that takes the concept of virtual life a lot further. I'm looking at what else we can digitise. How can we evolve human experience?

Interview by Nic Fleming