

Peer Pressure

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If your fuel-oil company could tell you that you waste a lot more energy than your neighbors, you might be inspired to invest in insulation.

Why not have the heating bill tell you if you're using too much energy? Most heating bills report how much gas or electricity you used last month compared with a year ago. A lot of them also report heating degree days (how far and how long the temperature veered below 65 degrees over the course of the month). But this pair of numbers isn't very helpful. Together they don't tell you whether you need to upgrade your insulation.

There's a better way to answer this question. Just tell people how much energy they used that month compared with other people in similar-size homes. In many cities (including our own New Haven), the square footage of each house is publicly available--so the gas company could calculate the energy per square foot for each house and display the information on each month's bill. Further helping you out by doing the math, it could report energy consumed (in BTU) per square foot per degree day.

We'll call this measure B-Tush (BTU per square foot per heating degree day). The key here is to report how folks did relative to their neighbors. According to a 1997 Department of Energy survey, the U.S. average B-Tush is 10. If you are up to 25, then you are among the worst 10%. You should invest in better insulation--or else turn down the thermostat and buy some sweaters.

There are two elements to this approach to energy conservation. First, give people good data. Second, use peer pressure.

Yale environmental expert Daniel Esty has used peer performance comparisons to motivate competition on a much larger scale. His Center for Environmental Law & Policy releases an Environmental Sustainability Index (yale.edu/esi), which ranks nations using a combination of 76 measures, including water quality, overfishing, greenhouse gas emissions and child mortality from respiratory diseases.

Overall the U.S. ranks 45th out of 146 countries. Esty observes: "Americans are often shocked at how low we rank. In Europe people are shocked at how high the U.S. ranks." Both reactions have a foundation. Our drinking water is tops in the world. On greenhouse gas emissions the U.S. comes in near the bottom.

Ranking countries has proven to be a great way to spur laggards to improve. Mexico and South Korea were upset about their low rankings in the 2002 index and took specific actions to improve. Mexico, for example, established a set of environmental performance indicators for its 32 states, giving each quantitative targets for improved results. In South Korea the Environment Ministry, with support from the business community, made

substantial investments in reducing air and water pollution, two arenas in which it lagged. These efforts paid off, and South Korea moved up 22 places in the 2005 rankings.

Could benchmarking perversely cause above-average countries to slack off? It could. But competition--the will to win--is a powerful force. As Esty explains: "After Norway came in second, the prime minister asked for a meeting to discuss the results. Rather than crowing about Norway's superb showing, all he wanted to talk about was what his country could do to overtake Finland and become number one."

We predict a similar Lake Wobegon effect at the individual level, as everyone strives to be better than average--even if the results aren't so public.

Benchmarking could inspire all sorts of socially desirable behavior. Want to know how much of your income to give to charity? The average American gives 2%. But that percentage varies widely with age and income. It would be simple for the Internal Revenue Service to provide taxpayers with a table telling them whether they gave more or less than the average for their age and income bracket.

Better benchmarking can aid students in their choice of careers. For example, law schools might tell admitted students the probability that they will become lawyers. In a recent study (using statistics from 1991) Ian Ayres and Richard Brooks estimated that at the lowest-ranked law schools 86.4% of entering black students had less than a 50% chance of becoming lawyers. (At the highest-ranked schools, only 6.1% of blacks were in this high-risk group.) Some of the students might have pursued other careers or other schools if they had this information.

Sociology professor H. Wesley Perkins has shown that benchmarking can help college students decide how much to drink. Many students have inflated beliefs about how much their peers imbibe. When students discover that few of their peers have more than five drinks at a party, they drink less. The results of this benchmarking campaign have been successful in reducing heavy drinking at colleges throughout the country, including the whole California state university system. Rather than telling students "Just say no," it is more effective to say, "Just be like everybody else."

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