

# When it comes to going green, people want smaller gains now, not bigger gains later

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People make environmental choices the same way they manage money, preferring smaller gains right away to bigger gains later, according to new research published by the American Psychological Association.

This behavior reflects "delay discounting," a mental filter used to make decisions about current versus future gains and losses, David Hardisty, M.Phil., and Elke Weber, Ph.D., of Columbia University, report in the August [Journal of Experimental Psychology: General](#). Just how much people downplay what would happen in the future is called the discount rate.

No matter what the context, discounting stems from three factors: a bias for the present; [uncertainty](#); and projected free time, money or other resources (such as new "green" technologies), said the authors. "When we might gain, it's simple: Those three factors make us want that gain right away. When we might lose, there's a conflict," Hardisty said. "We want to get the loss behind us, yet we also want to put it off -- because we think it will be easier to pay later or the problem will somehow go away."

Hardisty and Weber found that the resulting, seemingly counterproductive tendency to accept smaller gains now over bigger gains later applies not only to finance, but also to environmental planning.

The researchers conducted three studies with 65, 118 and 146

participants, respectively. They presented participants with a series of situations, forcing them to choose between different outcomes involving air quality, mass transit, garbage pile-up from a workers' strike, and monetary gain and loss (for example, paying a parking ticket in a smaller amount now or a larger amount later).

As examples of the various scenarios presented, participants picked:

- 21 days of clean air now over 35 days of clean air next year;
- a short-term fix for mass transit now, instead of a long-term fix later;
- a \$250 lottery win now over a \$410 win a year later.

Previous studies found that people are not particularly rational about personal finance. For example, if they came into some cash while carrying two loans, they might completely pay off the smaller loan right away, even though they could instead start paying off the larger, higher-interest loan - a strategy that would reduce their overall interest.

In the new studies, across scenarios, participants downplayed future gains significantly more than future losses. Employing a formula used by economists, "with our particular scenarios and measurement techniques, [we] found annualized discount rates that averaged out to roughly 34 percent for monetary and environmental gains and 9 percent for losses," Hardisty said.

The findings make it possible to apply the large body of research on delay discounting of financial outcomes to environmental outcomes, which the authors said is "good news for researchers and policymakers alike."

This could mean framing environmental decisions as ways to avoid future loss rather than realize future gains, said Hardisty. For example, homeowners could be told that better insulation will help them avoid losing money to high utility bills, not that it will help them save -- a subtle but influential semantic change. Similarly, campaigns to encourage people to buy higher-cost fluorescent light bulbs could highlight how their use will reduce future energy costs - more loss avoidance.

Finally, the discount rates in this study were dramatically higher than would be predicted by economic theory. For solid evidence-based policy, lawmakers and planners should consider how real people actually make choices, Weber said.

More information: "Discounting Future Green: Money Versus the Environment," David J. Hardisty, M.Phil., and Elke U. Weber, PhD, Columbia University; *Journal of Experimental Psychology: General*, Vol. 138, No. 3.

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