

# Engagement, participation and economics

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Engagement is a key objective of the EU Reformers project. In sociology, it refers to the active involvement of individuals or groups in social processes, issues, or goals. Often, economics is overlooked in discussions of engagement, yet it too is a social science. Economics focuses on the allocation of goods and services, examining how the choices of engaged individuals and groups within markets and society influence this process. Participation, on the other hand, pertains to the degree to which citizens can influence government policy. The central question of this blog is how a concept of engagement, as outlined in the EU Reformers project, can be integrated into the dynamics of participation and the technical developments driving the economy. It is an addition to the working papers on <https://reformers-energyvalleys.eu/resource-category/scientific-publications> and an invitation for further discussion.

## Economics

Economics is the social science that studies how individuals, businesses, governments, and societies make choices about allocating scarce resources. This is apart from all connotations with emotional or associative meaning that the word evokes. In microeconomics, individual goods are characterized by being rivalrous and excludable, meaning one person's consumption of the good prevents others from consuming it, and people can be excluded from using it if they don't pay. Collective goods, on the other hand, are non-rivalrous and non-excludable: everyone can benefit from them, regardless of whether they contribute to the costs. There are different allocation methods to distribute resources and goods, with two main groups:

- Market mechanism: Prices are determined by supply and demand. This is the most common method in market economies.
- Collective with government planning where we assume that they are democratically controlled as in the Netherlands.

Real collective goods, such as public services, are typically provided through government planning within a democratic framework. Private goods, on the other hand, are primarily managed by the market. However, there are also quasi-collective goods, which have characteristics of both private and public goods. For instance, the Dutch government pension (AOW) is a quasi-collective service, shaped by social norms. Similarly, energy is considered a basic need that should be provided collectively, but in the Netherlands, it is delivered by private companies under specific regulations. In an ideal direct democracy, where citizens participate directly in decision-making—as in the ancient Greek city-states—market and government outcomes would align. However, in a complex society, neither can reach this ideal. This is where Marshall McLuhan's famous phrase "the medium is the message" becomes more relevant than ever. His point is that the way a message is delivered (the medium) is

more important than the content itself. McLuhan argued that the medium influences our perceptions and understanding of the world, shaping our thoughts, behaviors, and society, regardless of the message it carries.

The elements to ensure that resources are allocated efficiently in a market mechanism are that prices reflect true supply and demand, and consumers and producers can make optimal decisions.

1. A key characteristic of a competitive market is the presence of numerous buyers and sellers, ensuring that no single entity can influence the market price. This condition is often violated, primarily due to the focus on efficiency through economies of scale in large energy generation systems. This has resulted in the growth of monopoly-like companies. However, with solar panels becoming increasingly efficient, more and more prosumers are entering the market, and the benefits of large-scale economies decrease. Additionally, changes are expected in the constraints of distribution systems, where batteries and electric cars will also play a significant role. In the future, this condition of the real market will be more closely met, as individuals will have more opportunities to contribute independently, making balance an important factor in pricing.
2. Homogeneous products, meaning consumers do not prefer one seller over another based on product differences, which is the case with electricity.
3. Actors can freely enter or exit the market without significant barriers, fostering competition and innovation. With new legislation in the Netherlands, prosumers—individual homeowners—are becoming an increasingly important presence in the market. In fact, these critical prosumers could drive manufacturers of private solutions to develop and introduce innovative products.
4. All participants have access to relevant information about prices, products, and market conditions, enabling informed decision-making. While the internet provides a vast amount of data globally, what is even more important is that artificial intelligence in decentralized systems is helping residents understand how to process and utilize that data effectively.
5. Transactions do not have side effects (externalities positive or negative) on third parties that are not reflected in market prices. But electricity production by fossil fuels from large companies can be influenced by tradable emission rights from the European Emissions Trading System (EU ETS). This leads to higher costs that consumers will pay for energy from large companies (emission ceiling is gradually reduced).
6. Firms aim to maximize their profits, leading to efficient allocation of resources. Prosumers are more likely to think about sustainability as well.

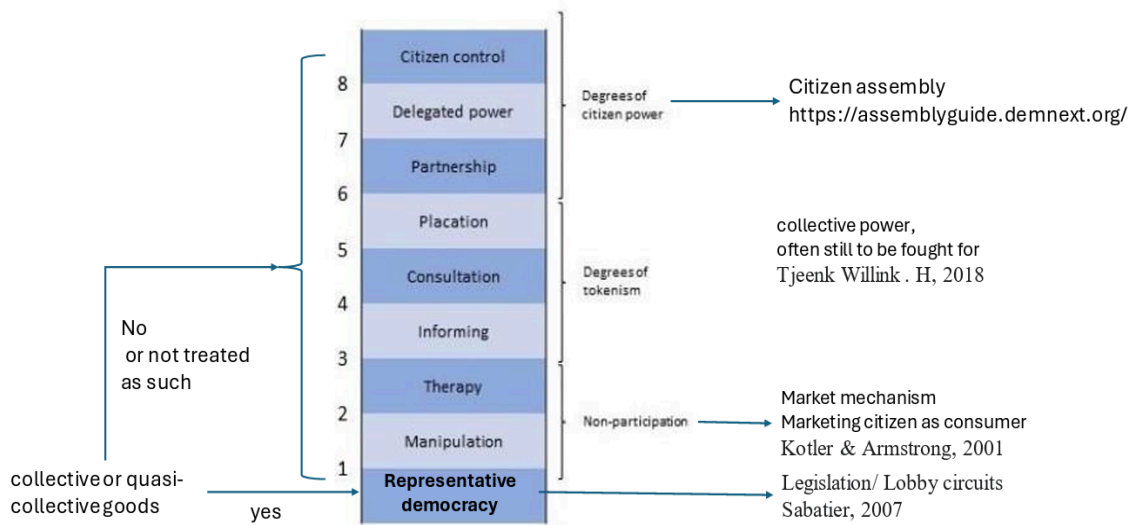
In summary, new technologies are creating increasing opportunities for a market model with many buyers and sellers. However, the challenge is that with prosumers and a market-driven approach, the collective sustainability goal may not be achieved due to other market imperfections and the use of outdated technologies, often driven by a lack of awareness about sustainability.

# Participation

The participation ladder describes different levels of citizen participation in the government decision-making process, ranging from low to high degrees of influence. Here's how the relationship between participation in the Environmental Planning Act (Omgevingswet), engagement, and the economy can be viewed through the lens of the participation ladder:

1. Manipulation and therapy, where participation is mainly symbolic, and citizens have little to no real influence. means that citizens are informed but have no real say in decisions. This can lead to distrust and a lack of engagement, which can have negative economic consequences due to resistance and delays in private projects.
2. Informing and Consulting is a slightly higher level of participation, where citizens receive information and can give their opinions but still have little influence on the final decisions. This can lead to a sense of involvement, but if feedback is not taken seriously, it can still result in frustration and a decrease in also collective engagement and trust in the government.
3. Placation provides more opportunities to voice their opinions, for example, by participating in advisory committees. The authorities still retain ultimate control. This level of participation can lead to better decisions and more engagement, which can have positive economic effects through more inclusive and responsive decision-making.
4. Partnership where citizens are actively involved in decision-making and share responsibility with the government. This can lead to higher levels of engagement and trust, which in turn can contribute to economic growth through more efficient and better-supported projects.
5. Delegation and Citizen Control is the highest rungs of the ladder, where citizens have the most control over decisions that affect them. In the context of the Omgevingswet, communities can shape and implement plans and policies themselves. This level of participation can lead to very high engagement and trust, which can yield significant economic benefits through innovative and well-supported solutions.

Trust is essential for the success of any business or collaborative project. It creates in a dialogue a positive and supportive environment in which everyone can thrive. This is generally true, but especially important when the government relies on individuals for a collective goal. This is particularly relevant for the collective interest in sustainability, which increasingly depends on the growing capabilities of individuals within an aggressive global social media marketing. Therefore, it is important to establish a citizens' assembly where trust and knowledge can be built collectively, rather than the government trying to promote general simple sustainable solutions without trust as markets do. On the other hand, the citizens' assembly must be well embedded in democracy so that solutions generated by that assembly are actually implemented to avoid frustration and even more distrust.



**Fig. 1** Participation ladder

## Engagement

The original sense of "engagement" involved making a commitment or pledge to something. It evolved to refer not only to formal commitments but also to broader contexts where there is a sense of active involvement, emotional investment, or dedication to an activity or cause. Engagement has a stronger emotional component and a higher level of dedication than involvement. Engagement is possible on various aspects such as to:

- A heat pump:
  - o Installation: Carefully choosing a reliable installer.
  - o Maintenance: Have regular maintenance carried out.
  - o Energy consumption: Consciously dealing with energy consumption and possibly using subsidies to reduce costs
- Work: You feel responsible for your tasks and colleagues.
- Family: You are concerned with the well-being of your family members.
- Community: You are committed to the neighbourhood or a certain group of people.
- Environment: You make conscious choices to protect nature.

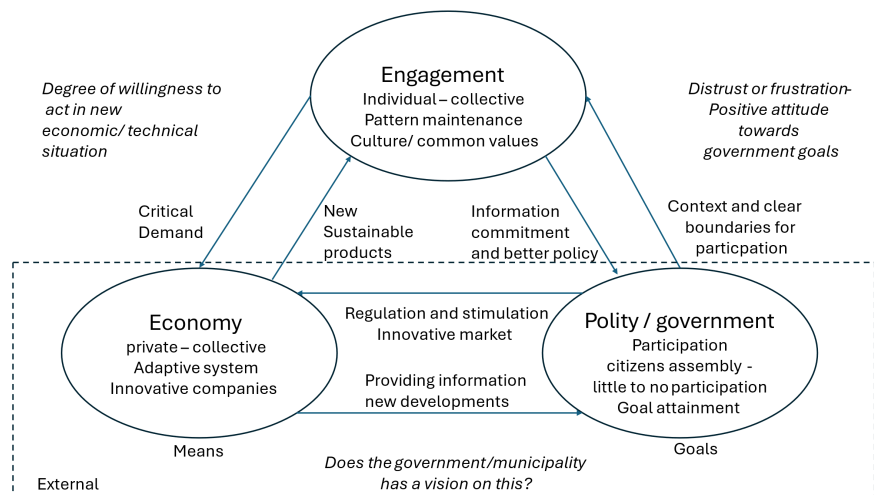
Engagement can be expressed in various forms, such as privately working on your equipment, supporting colleagues, caring for family, volunteer work, or actively participating in community projects, action groups or politics.

Before starting a project, it seems useful to assess whether the local culture is individualistic and materialistic or more collectively oriented toward global issues. When it comes to individual goods, personal involvement is often easier to achieve, as these goods directly benefit from your contribution or action, such as in a private heating system. In contrast, with collective goods, involvement can occur at various levels, but it can be harder to feel a personal connection because your efforts are not always immediately visible or linked to a clear outcome (e.g., environmental initiatives or shared infrastructure). Collective involvement often requires a higher level of social commitment to support the community as a whole.

If the municipality genuinely wants more democracy and participation, it makes sense to establish a citizens' assembly. However, if the municipality is not interested in a citizens' assembly, they will likely disregard the recommendations, and such an assembly could end up fostering more frustration and mistrust. There are left marketing-oriented actions, like the commercial markets, where maybe volunteers still attempt to promote some collective values.

## Conclusion

If, as with EU Reformers, the objective is to encourage engagement in a project, it is crucial to consider the local context within municipalities. Innovations in the energy sector, such as solar panels, heat pumps, batteries, and the growing influence of information technology and artificial intelligence, are expanding opportunities for individuals and small businesses. It is essential that the government—especially municipalities, which are closest to residents—recognize these developments and formulate a corresponding vision. This can be achieved through increased participation, for example, via a citizens' assembly, where politics, government, and residents collaborate to develop policies for the collective good. This leads to figure 2 indicating that there is a need for a balance (can be elaborated in the Parsons scheme).



**Fig. 2** Find a good balance knowing that economy is changing. Concepts and terms are used from the AGIL scheme (Parsons) in which this scheme can be fitted

"Learning by doing" in a well-organized citizens' assembly is one of the best ways to foster mutual

understanding through dialogue and to deepen awareness of the political and democratic decision-making process. Unfortunately, municipalities often lack insight into technical developments and may not have the expertise or resources to overcome bureaucratic hurdles. Additionally, politicians frequently prioritize short-term concerns, fearing they may lose power if they embrace more democratic processes or citizen assembly. As a result, governments often operate at the lowest levels of participation, focusing on fulfilling voters' immediate demands. This approach leads to a consumer-driven mindset, with little commitment to broader collective responsibility.

In such a scenario, a project like EU Reformers faces limited potential to implement actions beyond addressing specific technical issues, like heat pumps and batteries, without inspiring people to take on a broader sense of responsibility for sustainability and democracy.

For more information: <https://reformers-energyvalleys.eu/resource-category/scientific-publications>