

Real Nudge

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The novelty in Adam Burgess' paper is that he assesses nudge policies in the context of the shift in the UK government's approach to risk from the nannying policies of Labour to the nudge policies of the Conservatives. There is a wealth of ideas in this paper. I find it useful to disentangle some of these ideas focusing on the following two questions:

1. *In what respects do Labour's nannying policies and the Conservatives' nudge policies differ?*
2. *What is problematic about Labour's nannying and the Conservatives' nudge policies?*

Subsequently I will reflect on how a particular strand of research in the social sciences can be made relevant to designing a more responsible way of dealing with societal risk and show how this approach can evade some of Burgess' concerns.

I. Differences between nannying and nudge

1. Regulation and economic incentives versus behavioural modification

Nannying involves regulation to reduce the option set by legislating against risky behaviour or it provides economic incentives and disincentives to make risky behaviour more costly (be it through accounting costs or through opportunity costs). *Nudge* aims to change the choice architecture, i.e. the environment in which the choice is made, so that people who are placed in this environment would be less likely to display risky behaviour.

2. Rational versus a-rational agents

Nannying rests on the assumption that people behave rationally: a rational agent will avoid risky behaviour when it is met with punitive measures or when it becomes more costly. *Nudge* rests on the assumption

that people behave a-rationally: an a-rational agent changes her behaviour conditioned by environmental cues that she would not be affected by if she were a fully rational agent.

3. Centralised, bureaucratic and costly interventions versus small scale, osmotic and cheap interventions

Nannying is top-down, requires bureaucratic oversight and is costly in terms of public funding. *Nudge* is bottom-up – it aims to inspire local communities to institute changes in choice environments and to emulate successful initiatives. This approach requires less public funding.

4. Scare tactics versus social norm enforcement through conformity

Nannying intervenes by exaggerating the prevalence and the negative consequences of the risky behaviour. This is in contrast to one particular *nudge* strategy which intervenes by drawing attention to the fact that the majority of the population does *not* engage in risky behaviour implying that this is the social norm. This *nudge* strategy aims to bring

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about behavioural change by tapping into the common psychological disposition to conform to social norms.

5. Non-laboratory science as evidence base versus laboratory science as evidence base

Nannying is based on evidence that is gathered in the field. This may include evidence about the consequences of risky behaviour (as studied, say, in epidemiology) or evidence about the success of certain interventions to restrict risky behaviour by changing rational expectations (as studied in neoclassical economics). *Nudge* relies on evidence about how changes in the environment can bring about behavioural modification through a-rational processes. This kind of evidence is typically obtained through laboratory experiments conducted by psychologists and behavioural economists.

6. Adversarial versus cooperative relationship with industry

Nannying's relationship with industry is adversarial in that it imposes restrictions on production and sales through regulation. *Nudge* engages industry by coaxing them to institute changes in the choice environment that bring about desirable behavioural modifications.

II. Critiques of Labour's and the Conservatives' policies

Burgess raises a number of critiques. Some of them address risk policies in general and apply equally to *nannying* and *nudge* whereas others are specific to *nannying* or to *nudge*.

1. Politicising risk

The government is overly eager to identify risk in society and may even invent risk factors in order to create the illusion of being proactive in dealing with societal problems. This critique applies both to *nannying* and *nudge*.

2. Invasion of privacy

The government transgresses its mandate by intervening in matters that belong to a person's private sphere. This critique applies both to *nannying* and *nudge*.

3. Threat to liberty

Nannying and *nudge* both pose a threat to liberty. But they do so in different ways. *Nannying* reduces liberty by reducing the option set or by rearranging our preferences over the option set through adjusting costs and benefits. *Nudge* poses a threat to liberty as *autonomy*. It aims to modify behaviour by appealing to a-rational processes. A person who is subject to such a-rational processes is not fully in control of her agency and hence does not act in a fully autonomous manner.

4. Unintended side effects

We do not fully understand how interventions will affect behaviour and how behaviour will affect outcomes. This kind of critique applies both to *nannying* and *nudge*. In the case of *nannying*, interventions may not work because agents may not respond rationally or because we do not fully understand the agents' belief and desire structures. In the case of *nudge*, certain behavioural mechanisms identified in the laboratory may not transpose to real-world decision-making. Furthermore, even if we are able to bring about the targeted behaviour, either through *nannying* or *nudge*, the behavioural change may fail to bring about the expected outcomes.

5. Infantilisation

An unintended side effect that deserves special attention is the issue of infantilisation and the hindrance of moral development. Both *nannying* and *nudge* may have this effect. Regulation as well as environmental cues to discourage or encourage certain behaviour may leave the agent with a lack of moral strength to implement the target behaviour once the regulation or the environmental cues are no longer present.

6. Corruptibility

Nannying is corruptible in that it may lead to government sanctioned bureaucratic sprawl. *Nudge* may be exploited by self-interested commercial actors or may become mere window-dressing for the government to do nothing about issues of risk in times of austerity.

III. Ways forward: Real nudge

I wish to make a plea for more social science research in which outcomes of risk behaviours are compared across relevantly similar societies. For example, rates of biking accidents, liver disease, diabetes, suicide... could be compared between EU member states. Mechanisms that may be causally responsible for these differences could then be identified through causal search techniques. Such mechanisms may be cultural features, legislation, economic incentives, features in the choice architecture etc. Some of these mechanisms may be transposable, some may not be transposable. Insight in the causal mechanisms that bring about these differences in outcomes permits us to make informed choices about whether intervention from the government is advisable and what kind of intervention would be most effective.

Comparative causal efficacy studies of regulation and economic incentives are of course commonplace in social policy studies. What is novel here is that I propose to search for *features of the choice architecture* that are causally responsible for differences in risk behaviours across comparable societies. I propose to name this approach '*Real Nudge*', since we focus on choice architecture differences that are operative in real-world contexts (and not on policy initiatives that find their inspiration in laboratory experiments).

What are the advantages of such an approach?

1. Real risks

Risk management would become less politicised. It is no longer possible for the government to concoct risks out of thin air and to implement needless

policies to give the impression of being proactive. What qualifies as risk-to-be-managed must be underpinned by cross-cultural differences. There is a *prima facie* cause for concern for certain problem behaviours in our own society only if we can show that we have alarmingly high rates of undesirable outcomes caused by these problem behaviours relative to societies that are similar to ours in many other respects.

2. Non-ideological solutions

The tension between *nannying* and *nudge* is entangled in an unproductive ideological debate about the role and scope of government. An appeal to this strand of research in the social sciences to support policy making is non-ideological and does not favour *nannying* or *nudge*. Whatever works – be it a mechanism based on regulation or tweaking choice architectures – is open for consideration as a policy measure to be implemented.

3. Solutions that work

Burgess objects that many of Labour's laws and regulations to manage risk are ineffective. If we restrict the examples in Thaler and Sunstein¹ to examples that genuinely qualify as real-life successful *nudges* then we are left with a rather small and anaemic set. Furthermore, there is little reason to believe that *nudge* policies that are inspired by research on behavioural patterns observed in the laboratory would be successful in the real world. The advantage of starting from actual outcome differences and uncovering causal mechanisms that produce these outcome differences is that these mechanisms have at least some proven track record.

4. Managing transposability

Granted, these causal mechanisms may not be transposable. First, they may include deeply-seeded cultural differences that are simply not transposable. Second, they may be effective in one context and ineffective in other contexts. And third, they may have unintended side effects when transposed to other contexts. But having seen them in operation in some societal contexts should be at least somewhat informative and encouraging. The bridge between

¹ Richard Thaler and Cass Sunstein, *Nudge – Improving Decisions about Health, Wealth and Happiness* (New Haven, CT: Yale University Press, 2008).

relatively similar societies is expected to be less wide than the bridge between rational choice models (for *nannying*) and the laboratory (for *nudge*) on the one hand and the real world on the other hand. But clearly, the issue of transposability will need to be decided on a case by case basis with a sensitivity for cultural singularities and through cautious and small scale experimentation.

5. Privacy and Liberty

As to privacy and liberty issues, comparative studies between countries that are roughly similar in their respect for civil rights have a creative potential of revealing mechanisms that are minimally invasive. Certainly, what may pass the bar of respecting privacy and liberty in one liberal democracy may not in another due to cultural differences. Again, this is an issue to be decided on a case-by-case basis.

How would this work in practice? Think of alcohol policy. There is a range of studies that try to link government policies about alcohol pricing, advertising, availability ... to alcohol consumption rates and patterns and to alcohol-related morbidity and mortality rates across OECD countries.² Policy changes should be maximally informed by such cross-cultural studies.

Furthermore, it would be interesting to include features of the choice architecture of alcohol consumption among the potential causes in such cross-

cultural studies. Are non-alcohol and low-alcohol beers made available in pubs and off-licences? Are they made available on tap (so that they can be consumed non-conspicuously) in pubs? What food choices are made available along with the beer? What are the serving sizes of drinks? Do customers pay at the time of the order or can they run up tabs? Do customers pay for themselves or is there a culture of rounds? What feedback is made available e.g. through alcohol content labelling and through the sale of breathalyzers? Do any of these choice architecture features causally affect alcohol consumption rates and patterns and alcohol-related morbidity and mortality rates? *Nudge* initiatives should be informed and backed up by such studies.

Similar cross-cultural effectiveness studies of *nannying* and *nudge* policies could be carried out in areas of energy consumption, littering, obesity, education, integration of ethnic minorities ... Such studies (and not ideological commitments to the proper role and scope of government or philosophical views about the nature of human agency) should provide the backbone for policy initiatives.

² See, e.g., Donald A. Brand, Michaela Saisana, Lisa A. Rynn et al., "Comparative Analysis of Alcohol Control Policies in 30 Countries", 4(4) *PLoS* (2007), pp. 752–759; Alison Ritter "Comparing Alcohol Policies between Countries – Science or Silliness?", 4(4) *PLoS* (2007), pp. 616–619; Nick Sheron, Chris Hawkey and Ian Gilmore, "Projections of Alcohol Deaths: A Wake-Up Call", 377 *The Lancet* (2011), pp. 1297–1299.