

# 'Nudges' may be effective at times, but policymakers will be disappointed if they rely on them to tackle entrenched problems

By Democratic Audit UK

Since the publication of 2008's *Nudge* by Richard Thaler and Cass Sunstein, policy 'nudges' have been in fashion, with smaller interventions aimed at altering public behaviour in a subtle manner being adopted by many governments, including in the UK. **Frank Mols** looked at this phenomenon in a [recent journal article](#), and argues here that while nudges undoubtedly can be effective, their limitations must be kept in mind.



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Governments across the globe –including the UK coalition government—appear to have fallen in love with behavioural economics, and the idea of nudging citizens towards better choices. Behavioural economics is a well-established strand of research in which psychological insights are used to question human's ability to make 'sound' rational decisions.

This perspective, refined over the course of several decades, starts from the premise that we humans are poor decision-makers, so-called 'cognitive misers', who are prone to make erroneous decisions, decisions that will ultimately harm, rather than benefit our personal and collective self-interest.

Humans tend to make bad decisions, so the argument goes, because we do not like to exert ourselves, and we are thus inclined to choose the path of least resistance, often leading to less than optimal decision-making. This basic tendency is believed to manifest itself in decision moments in a propensity to choose the easiest, or most popular option, and a tendency to rely on superficial impressions and emotions, rather than on rational evaluations.

Behavioural economics was showcased once more in Richard Thaler and Cass Sunstein's 2008 book *Nudge: Improving Decisions about Health, Wealth, and Happiness*. The book turned out to be a best seller, and it would become a major source of inspiration for policy-makers across the globe. What distinguished this book from

earlier work in the field was that the authors went a step further, arguing that government can, and ought to take the lead in protecting citizens from their own pernicious propensities. More specifically, Thaler and Sunstein argued for 'soft paternalism', a new governance approach in which subtle changes in choice architecture are used to 'nudge' citizens towards better choices, but without restricting choice.

The book is said to have been an important source of inspiration for David Cameron's Coalition government, and its decision to establish the Behavioral Insights Team (BIT). The BIT team, established in 2010, has since developed nudges to promote, among other things, healthier eating, charitable giving, saving for retirement, and timely payment of fines and taxes. The approach has been hailed as a remarkable success in various UK newspaper articles, and it is hence not surprising to see other governments establishing their own nudge units (e.g. New South Wales, Australia). Equally unsurprising is the sudden rise in consultancy firms and think tanks offering governments their expertise in behavioural economics and nudging.

### **Are Nudges ethical?**

But is nudging a practice liberal democracies committed to free-markets and choice should engage in? There is a growing body of research questioning the ethical aspects of nudging, and there appears broad consensus in this literature that democratic governments ought to refrain from nudging.

Political theorists, for example, are among the fiercest critics, arguing that nudging is an inherently conservative, elitist, choice-limiting technique, which enables those in power ('nudgers') to impose their conception of what constitutes "the good life" onto those being governed ('nudgees').

These critics concede that governments committed to evidence-based policy going down the nudging path have a mandate to govern as they see fit, and that they can legitimize the use of nudges by pointing to the fact that these nudges are tested scientifically, using randomized control trials (RCTs).

However, political theorists tend to remain highly sceptical, rejecting the portrayal of nudges as cheap, harmless, well-intended interventions, and arguing that nudges lead democratically elected governments onto a dangerous slippery slope towards elitism and authoritarianism.

### **Are Nudges effective?**

Aside from questions about ethics, there are questions whether nudges are as effective as nudge devotees would like us to believe? What tends to be overlooked is that nudges can trigger defiant 'reactance' behavior, in particular if a message is perceived to come from an untrusted source, or challenge 'our identity' and 'our way of life'. Nudges may also be resisted when people feel they have been misled about the true purpose of an activity or message they were exposed to.

For example, in the UK jobseekers were exposed to a nudge to boost job-seekers confidence in their ability to find work by completing a bogus online test. However, those who found out that the test was not real felt negative about the experience and there have been reports of a significant increase in complaints registered with the Department of Work and Pensions.

Nudge devotees will be inclined to reject such cases as exceptions, and point to effect-sizes witnessed in RCTs, and the potential savings the nudge *could* generate if rolled out nationally. However, those familiar with the Social Identity literature on norms and social influence will remain unconvinced. This is because one of the more fundamental lessons to emerge from this literature is that it is important to distinguish between passive *norm adaptation* and active *norm internalization*. In this literature, norm *adaptation* is regarded as a response motivated by a rather superficial desire to 'fit in' and avoid ridicule. Norm internalization, on the other hand, is regarded as behavior motivated by identity change and ensuing eagerness to enact the new norms of a modified personal and collective self-understanding.

This distinction is essential when thinking about nudging, because it helps us to recognize, or recognize more clearly that nudging and persuasion are opposites and alternatives, with the former merely targeting a particular behaviour in a particular setting, and the latter targeting a person's underlying beliefs and preferences, with a view to secure more lasting identity, attitude and behaviour change.

To appreciate the difference between nudging and persuasion, imagine a shop in which customers are nudged onto a particular path to encourage them to buy particular products. This strategy may work so long as the customer does not realize they are being nudged. However, the moment that choice architecture is no longer present, old habits will reappear instantly.

### **Governance by stealth**

But what does this mean for policy-makers in real-life settings? How do these insights help them? The main advantage of this distinction between norm adaptation and norm internalisation is that it becomes clear that nudging offers limited scope for securing *lasting* behaviour change, and that lasting behaviour change will require the internalization of new norms: i.e. identity change.

These insights are also crucial for thinking about power, leadership influence, and so-called 'modes of governance'. Nudging, on the one hand, reflects a rather traditional 'managerial' understanding of leadership, in which good leadership is conceived as a matter of 'power over people', and ability to coax people into particular behaviours.

Persuasion, on the other hand, reflects a more contemporary understanding of leadership, in which good leadership is considered to be the capacity to secure 'power through people', and ability to persuade followers to embrace and enact new norms as guide for their behaviour.

When considering these alternative social psychological insights, it becomes clear that governments committed to behavior change strategies can be said to face a choice between 'governance by stealth' (using covert nudges to coax individuals unthinkingly into particular behaviours) and governance through persuasion (using overt campaigns to promote new norms and self-definitions).

In some cases, a harmless well-intended nudge may suffice and 'do the trick'. However, when thinking of the many wicked policy problems facing us today (homelessness, youth crime, problem gambling, obesity, environmental degradation) it becomes increasingly clear that a nudge will in all likelihood not be enough, and that in those cases policy-makers will need to work with, rather than against existing norms and identities.

Certainly, nudges tend to be cheap to implement, and persuasion will admittedly require greater upfront investment. However, if the aim is to secure *lasting* behaviour change through norm internalisation and identity change, and to reduce the need for ongoing monitoring, this upfront investment may be warranted, and make perfect economic sense.

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