## **Opinion**

## The Nudge Debate



By David Brooks

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This has been a great era for the study of error. We know that people can be induced to buy more cans of soup if you put a "Limit: 12 per customer" sign on the display. We know that if you ask people what movie they want to see next week, they're likely to mention a classy art film. But, if you ask them what movie they want to see tonight, they're more likely to mention a mindless blockbuster.

In addition, people are pretty bad at sacrificing short-term pleasure for long-term benefit. We're bad at calculating risk. We're mentally lazy. We make decision-making errors when thinking in our own language that we don't make when thinking in another language. When asked to think in a second language, we're forced to put in a little more mental effort.

As these cognitive biases have become better known, public spirited people naturally want to design ways to help us avoid them. In 2009, Richard H. Thaler and Cass R. Sunstein published a book, called "Nudge," on how government and other organizations could induce people to avoid common errors. Last year, Sunstein gave the Storrs Lectures at Yale on the topic, which will soon be published as a book called "Nanny Statecraft." Last month, the Obama administration announced that it is creating a new team to explore applications of this sort of empirical research to policy-making.

We're entering the age of what's been called "libertarian paternalism." Government doesn't tell you what to do, but it gently biases the context so that you find it easier to do things you think are in your own self-interest.

Government could design forms where the default option is to donate organs or save more for retirement. Individuals would have to actively opt out to avoid doing these things. Government could tell air-conditioner makers to build in a little red light to announce when the filter needs changing. That would make homes more energy efficient, since people are too lazy to change the filters promptly otherwise. Government could crack down on companies that exploit common

cognitive errors to induce you to pay more for your mortgage, bank account, credit card or car warranty. Or, most notoriously, government could make it harder for you to buy big, sugary sodas.



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But this raises a philosophic question. Do we want government stepping in to protect us from our own mistakes? Many people argue no. This kind of soft paternalism will inevitably slide into a hard paternalism, with government elites manipulating us into doing the sorts of things they want us to do. Policy makers have their own cognitive biases, which will induce them to design imperfect interventions even if they mean well.

Individuals may be imperfect decision-makers, but they still possess more information than faraway government rule-makers. If government starts manipulating decision-making processes, then individuals won't learn to think for themselves. Even just setting a default position reduces liberty and personal responsibility.

The pro-paternalists counter that government is inevitably setting contexts and default positions anyway, so they might as well be aligned with individual and social goals. There's very little historical evidence that there is an inevitable slippery slope leading from soft paternalism to hard paternalism. If companies are going to trick people into spending more on, say, bank overdraft fees, shouldn't government step in to prevent a psychological market failure?

I'd say the anti-paternalists win the debate in theory but the libertarian paternalists win it empirically. In theory, it is possible that gentle nudges will turn into intrusive diktats and the nanny state will drain individual responsibility.

But, in practice, it is hard to feel that my decision-making powers have been weakened because when I got my driver's license enrolling in organ donation was the default option. It's hard to feel that a cafeteria is insulting my liberty if it puts the healthy fruit in a prominent place and the unhealthy junk food in some faraway corner. It's hard to feel manipulated if I sign up for a program in which I can make commitments today that automatically increase my charitable giving next year. The concrete benefits of these programs, which are empirically verifiable, should trump abstract theoretical objections.

I'd call it social paternalism. Most of us behave somewhat decently because we are surrounded by social norms and judgments that make it simpler for us to be good. To some gentle extent, government policy should embody those norms, a preference for saving over consumption, a preference for fitness over obesity, a preference for seat belts and motorcycle helmets even though some people think it's cooler not to wear them. In some cases, there could be opt-out provisions.

These days, we have more to fear from a tattered social fabric than from a suffocatingly tight one. Some modest paternalism might be just what we need.