

Nudges and information are means to assist conventional forms of policy implementation

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*It has long been understood that human beings approach problems with a set of pre-set biases, which influence them toward certain kinds of 'unexpected' behaviours from a classical economics standpoint. **Peter John** argues that policymakers need to realise the power of information, sharpening the tools at their disposal by using insights from behavioural economics.*



The tools of government—that is the resources that governments use to get things done, such as laws and finance—have always had an informational component but they are more informational now because of a growing awareness among policy-makers about the power of information. Those in government and other public agencies now realise how their messages may be conveyed in ways that yield a far greater effect on outcomes than might be supposed from their lightness of touch. As governments seek to reshape the state, particularly in a period of fiscal austerity and when the attraction of outsourcing and the new public management has receded, they increasingly recognise the importance of carefully crafting the tools of government, re-fashioning them so they work much better, and do not default to their core characteristics, whether it is over-authoritarian laws that do not work or public finances that crowd out other forms of motivation. Such trends are likely to increase with the greater reliance by government on [information technology and digital forms of service delivery](#). In short, information provision can guard tools from themselves, and help craft interventions that are appropriate and effective.

New work in psychology can help policy-makers recalibrate the state to get much more from the informational aspect of tools, in particular by using 'nudge' techniques such as defaults and peer effects. With these ideas, policy-makers may redesign the tools of government, not just improving the traditional means of conveying information, but in helping laws and financial instruments work more effectively.

Policy-makers can use insights from psychology to improve the leverage of existing policies. Much current thinking draws on the strides in knowledge took place during the last twenty-five years or so from the work of psychologists and economists started by Slovic, Kahneman and Tversky in a series of influential publications (such as the latter two's [Prospect Theory](#) in 1979). The key idea is that human beings approach problems with a set of pre-set biases, which influence them toward certain kinds of behaviours. They tend not to react to changes in incentives or from the imposition of extra costs in a straightforward way. External agencies can still influence behaviour; but they need to understand the exact nature of these biases so they design highly human-centred policies that go with the grain of cognitions, which can produce strong results in the form of changed citizen behaviours.

While the general provision of information might produce apathy and indifference, extra public finance might crowd out or devalue civic action, and regulation might produce resistance or passive non-compliance, carefully tailored information signals and revisions to the exact way in which citizens interface with the institutions of the state might yield powerful results.

In recent years, the idea that information may be used in a clever or smart way to encourage citizens to behave in ways that is in their own or society's interest has been referred to by the term 'nudge', popularised by Thaler and Sunstein in [their book](#) of that name. The nudge approach uses an element of information provision to get the individual to where he or she wants to go. The state or public authority gives a signal that does not compel the person to something, but alerts them by affecting the way they carry out choices, say by altering the choice architecture, such as the default options on a website, for example.

This is what Thaler and Sunstein call liberal paternalism—not directly controlling what people do, but influencing them through reminders and cues. Important is a default option, or ensuring if someone has to make a choice, the default or lazy option is the more beneficial one.

The impact of the behavioural sciences on government

Nudge ideas have been widely discussed by local authorities and central governments in the UK, US and France. The attractiveness of nudging has been due in part to the low cost of behavioural interventions, which appear much more applicable in an era of fiscal austerity, and also because it is a complement to conventional policy instruments, such as legislation and regulation. Partly for these reasons, nudges have found favour with the UK Coalition Government elected in May 2010.

The main criticism of this approach is that it appears to offer too weak a set of mechanisms to achieve sufficient behaviour change, partly from their concern not to overly burden the citizen. Changing behaviours might require a push or a 'shove' from government, rather than a mere nudge. This is the implication of the House of Lords [report on Behaviour Change](#). The potential problem is that given the entrenched nature of the behaviours that governments wish to alter, such as eating habits, driving of cars and energy use, the use of defaults and information cues on their own may not be enough to shift behaviour and outcomes. Changes in behaviour usually require a combination of interventions, so it may be the case that nudges rely too much on the (important) issues of information provision and choices rather than the whole range of government resources. This argument has appeared in criticisms of the attempt by the Coalition government to create more participation and a collaborative approach to service provision, called the 'Big Society'.

The opposing argument is that behaviour change theory can be directed also to the traditional resources of government. For the tools of finance, organisation and law might themselves be guided by better theories and evidence on behaviour change. Thus nudge both incorporates Thaler and Sunstein's defaults and other light-touch interventions and the techniques of behavioural economics and psychology to redesign standard policy instruments and their informational environments. The nudge is about the presentation of information about an economic incentive, and the way the incentive is structured, rather than the incentive itself.

The more coherent way of thinking is to see nudges and information as means to assist conventional forms of policy implementation. As the Minister of State at the Cabinet Office, Oliver Letwin and his colleagues make clear in the report on energy use, 'These insights are not alternatives to existing policy. They complement the Government's objective to reduce carbon emissions across all sectors, and show how we can support these efforts in relatively low-cost ways' (Cabinet Office 2011: 3). Once government considers a new policy intervention, such as changing the default on organ donations, it involves consideration of the full range of policy tools, such as changes in the rules, as well as the softer tools. Aspects of the Green Deal, for example, are implemented by legislation some of which gives rights to tenants to demand energy efficiency in the homes they rent and changing Energy Performance Certificates.

Most of the activities of the Behavioural Insights Team involve a redesign of the provision of information, but which is closely linked to the other kinds of regulatory powers such as the law or collection or IT systems. Overall, these policies show the close connection between the application of information-based ideas, but in the context of the redesign of standard services, such as enforcement. Even though many of these interventions are not currently about information technology, it is easy to see how they may be applied to interactive form of provision under e-government.

There is a difference between the provision of a tool of government, such as a law or new, tax, and then how the citizen or organisation receives information about it, which may vary in quality and transparency. This means that better kinds of communication affect the delivery of the policy, which applies to all tools of government.

Second, the early generation of information studies, which showed modest effects, have been superseded by more

sophisticated interventions that use the full range of psychological techniques and yield much stronger results. When taking these two ideas into consideration, governments can craft more information-smart tools of intervention to get better results from their policies. All tools are informational now because of this potential for recalibrating the instruments of the state. As more and more of the activities of government are online and are being communicated through the internet the potential for nudges should grow over time as governments start to realise the capacity to change the relationship between the citizen and the state. With [digital-era governance](#) as a likely end point for most public agencies (Dunleavy et al 2006), all tools really will be informational now if they were not already.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

About the Author

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