

# The Ethics of *Nudge*

Luc Bovens  
Preference Change Conference  
May 30, 2009

# Paradigm Cases

---

- *Cafeteria*
- *Save More Tomorrow*

# What is *Nudge*?

---

- To *Nudge* is to
  - Change the choice architecture so that people are prone to make **better** choices;
  - Without affecting the range of available choices;
  - By appealing to “the science of choice”, i.e. research that “has raised serious questions about the rationality of the many judgments and decisions that people make.”

# *Better?*

---

- Private and Government *Nudges*
  - Company's interest
    - Cash discount rather than credit card surcharge
  - Interest of *Nudgees* \*
    - *Save More Tomorrow*
  - Societal interest
    - *Give More Tomorrow*

\* = Libertarian Paternalism

# *Nudge* or Libertarian Paternalism

---

- Change in choice architecture
- No restriction on range of choices
- Exploits mechanisms of less than fully rational choice
- In the interest of the *Nudgee*

# Paradigm Cases

---

- *Cafeteria*
  - Mindless choosing
    - large plates
    - buckets of popcorn
- *Save More Tomorrow*
  - Loss aversion or Endowment effect
  - Augustine's prayer
- Choice Architecture
- No Restriction on Choice
- Mechanism of LFRC
- Interest of *Nudgee*

# Endowment Effect

---

- 'Men generally fix their affections more on what they are possess'd of, than on what they never enjoyed (...)' (Hume, *Treatise*, Bk III, Part II, Sect. I; 482)
- 'To be deprived of that which we are possessed of, is a greater evil than to be disappointed of what we only have an expectation.' (Smith, *Theory of Moral Sentiments*, Part II, Sect. II, Ch. II; 94)

# *Nudge?*

---



- Choice Architecture
- No Restriction on Choice
- Mechanism of LFRC
- Interest of *Nudgee*



# *Nudge?*

---



- Choice Architecture
- No Restriction on Choice
- Mechanism of LFRC
- Interest of *Nudgee*

# *Nudge Social Advertisement?*

---

- ***Are you part of the community?***

- ***87% of adults in Illinois feel that registering as an organ donor is the right thing to do.***

- ***60% of adults in Illinois are registered organ and tissue donors.***

- ***Contrast: “I wish to be an organ donor: Yes; No.”***

- **Choice Architecture**

- **No Restriction on Choice**

- **Mechanism of LFRC**

- **Interest of Nudgee**

# *No Nudge* Social Advertisement



- Choice Architecture
- No Restriction on Choice
- Mechanism of LFRC
- Interest of *Nudgee*

# *No Nudge* Social Advertisement



THERE'S NO SUCH THING AS AN OLD JUNKIE  
TAKE BACK YOUR FUTURE. CALL 01284 701 702



- Choice Architecture
- No Restriction on Choice
- Mechanism of LFRC
- Interest of *Nudgee*

# No Nudge Reminder



- Choice Architecture
- No Restriction on Choice
- Mechanism of LFRC
- Interest of *Nudgee*

# *No Nudge* Prohibition

---



**NO SMOKING**

- Choice Architecture
- No Restriction on Choice
- Mechanism of LFRC
- Interest of *Nudgee*

# What is Essential?

---

## ■ Essential

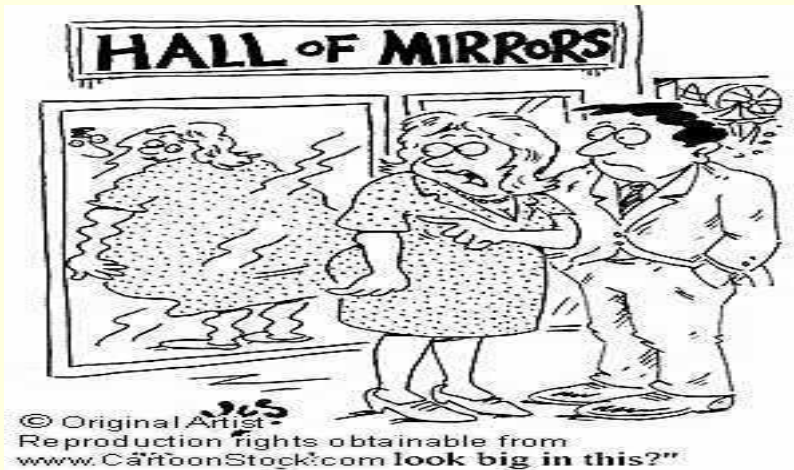
- No Restriction on Choice
- Mechanism of LFRC

## ■ Non-Essential

- Choice Architecture
- Interest of *Nudgee*



# Subliminal Images (mirrors, trick mirrors,...)



- Essential
  - No Restriction on Choice
  - Mechanism of LFRC
- Non-essential
  - Choice Architecture
  - Interest of *Nudgee*



# T&S respond:

---

## Violation of Transparency/Publicity

“The **publicity** principle bans government from selecting a policy that it would not be able to defend publicly.”

## Violation of Respect

“...if [the government] adopts policies that it could not defend in public, it fails to manifest that respect.”

“...it treats its citizens as tools for its own **manipulation**.”

“...the publicity principle is connected with the prohibition on **lying**. Someone who lies treats people as means, not as ends.”

# Respect

---

- Non-manipulation
  - Irrelevant: In *Nudge*, you are made to do something without being aware of this happening
- Truth-telling
  - Irrelevant: Where is the lie in subliminal images and mirrors?
- Publicity

# Non-Disclosure

---

- Subliminal images

- “people are influenced without being informed”
- “manipulation of this kind is objectionable because it is invisible and impossible to monitor”

# Disclosure

---

- *Save More Tomorrow*: "...people are explicitly informed of the nature of the proposal, and specifically asked whether they would like to accept it."
- *Organ donation*: "If government officials use cleverly worded signs ... to encourage people to register as organ donors, they should be happy to reveal their methods and their motives."

# Rationality and Reflective Stability

---

- ...research that “has raised serious questions about the rationality of the many judgments and decisions that people make.”
- Savage’s car radio
- Thaler’s early ski passes

# Healthy Meal Arrangement

---

- “Research shows that people are more prone to take food items displayed earlier rather than later. Many of our customers are trying to lose weight but find it difficult to do so. To help them, we have arranged the snacks in the food line with healthier items displayed earlier so that they are more likely to choose these items.”

## Earlier Deadline to Increase Savings

---

“We are asking you to fill out your forms for pension savings earlier this year. We have noticed that many employees are not saving enough for retirement. Research has shown that it is easier to commit money that you do not have in hand yet and to commit yourself to make future sacrifices rather than sacrifices here and now. For this reason, we believe that an earlier deadline will induce you to commit more money to your pension fund.”

# Transparency?

---

- Is the method by means of which we are trying to change behaviour fully transparent?
- Type-interference transparency
  - =>No Diff
- In principle token-interference transparency
  - ⇒ Diff:
    - ⇒ Present in *Nudge*
    - ⇒ Absent in subliminal images



# Tension

---

- Respect requires in-principle token-interference transparency
- Effectiveness: Opaqueness due to reflective instability of psychological mechanisms that *Nudge* invokes

# 1. What's being *Nudged*?

---

- Ignorance           => medical info
- Inertia             => default options
- *Akrasia*           => *Cafeteria*
- Queasiness       => post-mortem organ don
- Exception         => abortion, teenage sex, sex changes etc
- Social Benefit     => charity, tragedy of the commons

SB < Exc < In ~ *Akr* ~ Qu < Ign

## 2. Who's *Nudging*

---

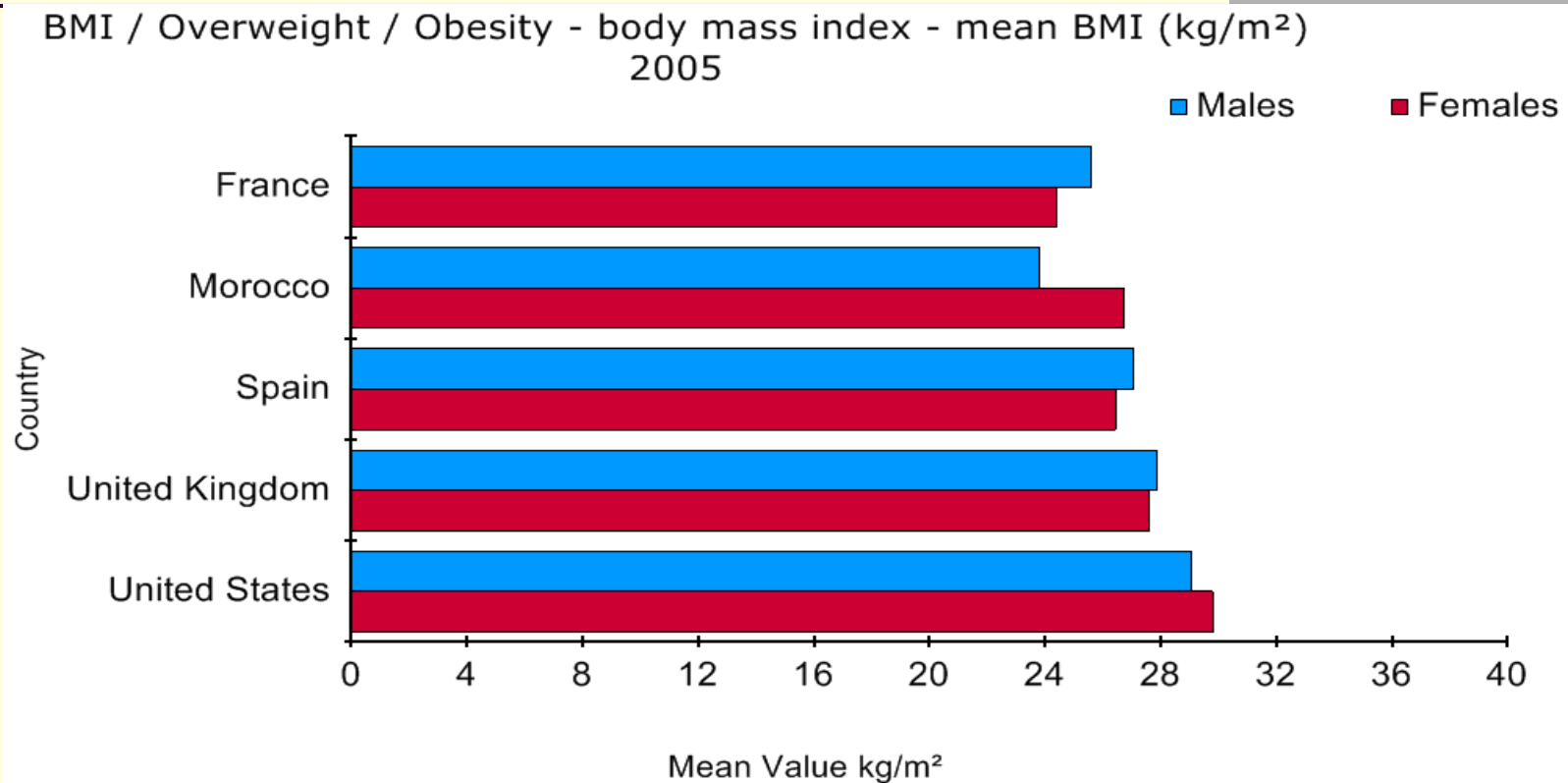
- Sophisticated choice >
- Choice of nudging partner >
- Choice of nudging employer >
- Democratic choice of nudging government

### 3. Costs and Benefits of the *Nudge*

---

- Expected Costs and Benefits
  - Urgency
  - Long-term effects on character
  - Opportunity costs on responsible agents (Scanlon)

# Urgency?



Source: Ono T, Guthold R, Strong K. WHO Global Comparable Estimates, 2005 (<http://www.who.int/infobase> IBRef: 199999)

# Long-term effect on character?

---

- Karen Dalton
- Capital punishment:
  - Short-term deterrence (Gittings and Mocan)
  - Long-term brutalisation?
- *Nudge*
  - Short-term weight-loss, increase in savings,...
  - Long-term infantilisation?

# Opportunity Costs on Responsible Agents?

---

- Budget permits

- Non-illustrated pamphlets informing all
  - => Harm to 2 curious walkers
- Illustrated pamphlets informing most
  - => Harm to 1 non-informed walker

- Budget permits

- Inform-option
  - => harm comes to 2 irresponsible agents
- *Nudge*
  - => Harm comes to 1 non-informed agents