Does accounting for human behaviour lead to better policy?

British political culture is wary of intellectualism — not for nothing is “muddle through” a British aphorism — and its governments are usually wary of big ideas. Yet Prime Minister David Cameron has placed intellectuals at the policy heart of 10 Downing Street, allowing a group of social scientists to apply behavioural insights to the design of public policy. The UK’s Behavioural Insights Team, or “nudge unit,” is just one example of the inroads behavioural sciences are making in governments everywhere. In the following pages, we ask how they are doing.

Tout intellectualisme est objet de méfiance dans la culture politique britannique, et ses gouvernements se montrent généralement prudents face aux grandes idées. Le premier ministre David Cameron a pourtant placé au cœur de son dispositif politique un groupe de spécialistes des sciences sociales chargés d’appliquer les principes de l’économie comportementale à l’élaboration des politiques publiques. Cette équipe (souvent appelée « nudge unit ») n’est qu’un exemple de l’incursion des sciences comportementales dans l’action des gouvernements de nombreux pays. Nous examinons dans les pages suivantes quelle est leur efficacité.
THE DANGERS OF MANIPULATION

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The evangelists for nudge see only the worst of human nature and have no faith in our ability to learn to be better.

Les prosélytes du nudge, cette « méthode douce pour inspirer la bonne décision », voient uniquement le pire de la nature humaine et refusent aux citoyens la capacité d’apprendre et de s’améliorer.

Libertarian paternalism — or the idea of “nudge,” as it is better known — has been embraced by governments on both sides of the Atlantic as a way to increase people's well-being while preserving their autonomy. It does neither. Nudges steer people into making the choices policy-makers want, with no certain effect on individuals’ welfare and at significant cost to their decision-making autonomy and ability. Nudges are also self-reinforcing. By denying people the chance to learn from their bad decisions, policy-makers will continue to see evidence that problems need to be fixed, justifying even further interventions into the realm of personal choice.

As I argue in The Manipulation of Choice, the problem with nudges can be split into three parts: epistemic, ethical and practical. The epistemic aspect stems from policy-makers’ ignorance of what truly matters to those over whom they hold power. People's concerns are complex. At the most basic level, everyone is concerned with his or her own well-being, which includes short-term and long-term considerations as well as the “higher” pleasures (intellectual and moral) and “lower” pleasures (physical) that animated John Stuart Mill’s philosophy. All of these elements are combined and traded off according to each person's tastes, values and psychological dispositions in a particular decision-making context.

People also care about the well-being of others, from friends and family to those in their community and even strangers around the world (think of our concern about global warming or distant poverty). Their actions can be driven by support for principles such as fairness and honesty or broader societal ideals such as justice and equality. In pursuing these goals and principles, people often make choices that run counter to their own well-being; many may, for example, spend more of their own money to purchase environmentally safe products.

Policy-makers cannot possibly be aware of and take into account each citizen’s complex web of interests. Instead they select one basic goal, such as improving health or wealth, and use nudges to influence how people choose to pursue it. This approach is followed with no thought of how each person regards the goal or how it fits with his or her plethora of interests. Policy-makers effectively substitute their idea of interests for individuals’ actual ones and then claim to be improving well-being as people judge it for themselves. No matter how well-intentioned the policy-makers may be when they choose these goals, their limited understanding of people’s values and preferences means they cannot possibly be acting in the true interest of every citizen, as they claim.

This leads to judging the success of a nudge by its effect-iveness in generating the intended behaviour rather than by its impact on individual welfare. For example, automatic enrolment in government-subsidized retirement plans is the nudge recommended by libertarian paternalists as a way to increase the amount of private retirement savings. Because people are often short-sighted and prone to procrastination, libertarian paternalists feel that too few new employees choose to join retirement programs when nonenrolment is the default choice of the plan presented to them. To correct for these cognitive flaws, they recommend changing the default option for pension plans to automatic enrolment, requiring those who don’t want to

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participate in the plan to opt out. Indeed, research has shown that this nudge does increase the percentage of new employees enrolling in retirement plans, which policy-makers interpret as evidence that employees are better off.

But all this nudge proves is that it steers new employees to the intended choice of the policy-maker. It offers no insight into whether employees see themselves as truly better off. Some new employees may need money in the short run for other purposes, perhaps as a down payment on a home or to cover medical costs for aging relatives — both of which could be considered an improvement in well-being for someone. Yet the nudge makes no distinction between those who need a push to enrol in a pension plan and those who have more appropriate ways to spend that money. The exploitation of our cognitive bias toward choosing a default option works on all new employees.

Using this widely shared dysfunctional characteristic of human nature as a policy tool makes no accommodation for the wide range of interests that individuals pursue. Nudges do affect our behaviour, but the lack of detailed knowledge about individual preferences means we cannot make conclusions about whether they are improving people’s well-being.

Substituting a policy-maker’s idea of interests for those of an individual also raises ethical issues. We already saw one: it violates the presumption of liberal neutrality regarding how people choose to live their lives. A more basic ethical problem of nudge is its paternalistic nature. Even if policy-makers had sufficient knowledge about people’s interests, they have no right to influence people’s behaviour for “their own good,” unless there is evidence that the bad choices are involuntary (such as Mill’s example of stopping a man who is unaware that he is stepping onto a decrepit bridge). Policy-makers may suspect that people who they feel are not acting in their best interest — failing to enrol in a retirement program, for example — are doing so involuntarily because of some cognitive failing. But this is an illegitimate inference given the complexity of persons’ interests and the myriad reasons that can explain any choice.

Furthermore, nudges are not only paternalistic but coercive. They may not foreclose choices in the way that outright bans on a certain behaviour do; nor do they have direct cost implications the way taxes or subsidies designed to alter behaviour do. But nudges are coercive in a particularly insidious way by subverting people’s rational decision-making processes rather than engaging them. By taking advantage of subconscious mental processes, nudges do nothing to improve our decision-making abilities. Nudges simply lead people to make the choices policymakers wanted them to make, relying on subtle coercion that engages unconscious psychological processes rather than deliberate rational faculties.

This point leads to the practical difficulties with nudges. These choice interventions have no definite relationship with individual well-being but do have a clear predictable effect on our decision-making capabilities. Because they do nothing to improve decision-making, nudges make no progress toward ameliorating our cognitive errors and biases. Even when nudges take the form of mandating that people are given information, such as nutritional labelling on restaurant menus, the choice of the information provided is made with an eye to a certain goal. For example, food labelling necessarily focuses on a few select measures, such as fat content, which are regarded by government nutritionists as dangerous. But many people follow other scientifically valid dietary philosophies that encourage the consumption of fats and discourage carbohydrates, an approach to eating that labelling requirements do not accommodate. By steering people’s choices toward options that policy-makers determine to be best — even when people might agree with the goal — nudges leave us unable to see the consequences of our bad choices that would help us learn to make better ones on our own. Most parents realize that they have to let their children make mistakes so they will learn from them. Libertarian paternalists do not (though we can hope they will learn from their own mistakes!).

It is a part of human nature that each of us makes bad choices from time to time. But only we know which ones are bad. We know our own interests better than anyone else. Not only do policy-makers not know our interests, but they would have no right to influence our choices for our own good even if they did. And if they want us to make better choices in the future, they should not even want to intervene in our choices with their nudges.

The advocates of nudge seem more interested in steering people toward certain choices than in helping them learn to make better decisions. It is a dismal view of human nature to presume that we must be led toward what is best for us and that we have no capacity for improvement on our own. This attitude lies at the core of nudge and is the true danger of libertarian paternalism.