

Chapter 1

Rethinking the Origin of the Behavioural Policy Cube With Nudge Plus

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ABSTRACT

This chapter goes beyond classic nudges in introducing public policy practitioners and researchers worldwide to a wide range of behavioural change interventions like boosts, thinks, and nudge pluses. These policy tools, much like their classic nudge counterpart, are libertarian, internality targeting and behaviourally informed policies that lie at the origin of the behavioural policy cube as originally conceived by Oliver. This chapter undertakes a review of these instruments, in systematically and holistically comparing them. Nudge pluses are truly hybrid nudge-think strategies, in that they combine the best features of the reflexive nudges and the more deliberative boosts (or, think) strategies. Going forward, the chapter prescribes the consideration of a wider policy toolkit in directing interventions to tackle societal problems and hopes to break the false synonymy of behavioural based policies with nudge-type interventions only.

INTRODUCTION

Richard Thaler, in his acceptance speech of the *Sveriges Riksbank* (aka Nobel) Prize in Economic Sciences, acknowledged his award by attributing his success to his discovery of ‘the presence of human life in a place not far, far away, where [other] fellow economists thought it did not exist: the economy’ (Thaler, 2017). And justifiably so! The introduction of nudges, as popularised by Thaler and Sunstein (2009) through their eponymous book, *Nudges: Improving Decisions about Health, Wealth and Happiness*, has revolutionised the toolkit of a policymaker.

Traditional public policy has largely focused on the prescription of regulatory tools and campaigns. In doing so, it has relied on the false belief of a rational man, often referred to as the *Homo Economicus* in common economic parlance. However, man can often be irrational, as has been rightly noted by scholars

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in economic psychology and behavioural sciences; and, thus, seeking behavioural change in citizens with regulatory policies alone, can often run the risk of undermining consumer autonomy and agency, with such paternalism being publicly opposed. Thus, the tool kit of any policymaker must involve behavioural instruments, like nudges, that steer humans into making welfare improving decisions by tapping into their behavioural biases, while restoring liberty.

Nudges, better understood as a tweak in the choice architecture, are conceptually embedded in the framework of *Libertarian paternalism*; paternalistic in steering individuals to make better decisions for themselves while being libertarian in that they preserve the choice-set (and liberty) of the decision maker; as such, nudges can be conceptualised to be non-coercive interventions that retain all available choice alternatives for the decision-making agents; for instance, making fruits more salient by placing them near checkout tills counts as a nudge. However, banning chocolates does not. Nudges are not mandates or sanctions. Neither do these interventions provide any additional financial or economic incentives to alter behaviour, nor do they provide any additional information to aid decision-making processes relative to what is already available to the agents to begin with. A behavioural change through a nudge is brought about only via amendments to the external environment in which an economic agent functions and makes lifestyle choices. Nudges have been shown to be good value for money as they promise relatively large benefits at small costs to public organisations (Benartzi et al., 2017). Furthermore, they are fairly easy to deliver; for instance, Arno and Thomas (2016), in a systematic review, evaluate that nudges reduce obesity by facilitating a 15 percent increase in the uptake of healthier dietary choices, relative to traditional public policy campaigns and measures. The success of nudges is far-reaching; for instance, they have been shown to help people to save more (Thaler and Benartzi, 2004; Cai, 2019), reconcile citizens' short- and long-term goals (Goldhaber-Fiebert et al., 2010) and generate social welfare benefits by reducing overall energy consumption (Allcott and Kessler, 2019).

Nonetheless, as nudges were extensively prescribed, scholars critiqued their application for a variety of reasons; for example, nudges target citizen's biases and heuristics by modifying the choice environment in which they operate, and as such often leave citizens out of the deliberative process, compromising their ability to own and sustain long-term behavioural changes. A nudge is often deemed to be opaque and manipulative, one that co-opts the internal cognitive processes of individuals and overrides their consent. Interestingly, nudge theorists view an omniscient and benevolent policymaker as a central unit in facilitating any socially beneficial change; however, little do they acknowledge the shortcomings of reality in that the social policy planners, in a behavioural world, are also limited by their cognitive abilities and can be motivated by selfish reasons (a.k.a. be rent seeking). But a nudge is not the only available behavioural strategy in the toolkit of the policymaker; other alternative behavioural-based interventions have been proposed that theoretically commit to overcoming these ethical and moral limitations of nudges.

John et al., (2013, 2019a), for instance, put forward the idea of thinks. Unlike nudges that compromise consumer sovereignty, thinks involve large-scale deliberations that enable citizens to own the process of behavioural reforms. These often include citizen forums, large scale behavioural therapies, et cetera. Thinks can, at best, be thought of as schooling techniques that teach individuals how to be better citizens by enabling a transformation to a 'self-guiding society' (John and Stoker, 2019b). Nonetheless, while thinks are morally superior to nudges, they can be very hard to scale-up and as such might fail cost considerations by policymakers. Closely related to the idea of thinks, Hertwig and Grüne-Yanoff (2015; 2017) and Grüne-Yanoff (2018) recommended updating citizens' 'repertoire of skills' by boosting them. Boosts enable individuals to use mental shortcuts (aka heuristics), smartly and effectively; for instance, improving statistical skills amongst individuals can reduce numerical fallacies. Other examples include

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