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Nudge: A Behavioural tool for welfare policies Nudging through Pandemic

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Abstract: *Thaler and Sunstein have defined nudge as- "any aspect of choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives. To count as a mere nudge, the intervention must be easy and cheap to avoid. Nudges are not mandates. Putting fruit at eye level counts as a nudge. Banning junk food does not". (Thaler & Sunstein, 2008, p. 6). By definition it is clear that choice architecture is central concern of nudge and what draws attention of researchers is the paternalistic intention attached to this approach.*

Key Words: Behavioural Change, Nudge, Paternalism, Choice Architect, Welfare, Individual Liberty.

The relevant question is how nudge is able to place itself in a neo-liberal setting while being paternalist in its approach. For example, the Tamil Nadu government recently tried to impose a ban on online games of rummy and poker but could not survive the judicial scrutiny of Madras High Court. Though the intention was to prevent people from addictive games, but the state failed to differentiate between games of skill and games of chance. The problem that arises is when state in ensuring welfare might become authoritative in nature and ignores the individualism and freedom of choice. But on the other side lack of self-control and restraint can lead people into debt. The debate between individual liberty and paternalism is not new but the concern is, would nudge as an approach be able to find a middle path between liberty and paternalism. Our concern is to see whether small changes in choice architecture, particularly those that are invisible can bring about change to individual behaviour. The point of enquiry is to see that nudge as an approach can prove to be a middle path between excessive individualism and paternalism of the state in public policy. The paper explores the areas of individual liberty vs welfare through the lens of nudge, at the same time enquires about the empirical applicability and effects of the approach on policy making.

The Economic Survey of 2019 had used Nobel Prize Winner theory of Behavioural Economics to bring about a social change in people's lives and in turn would even benefit the government's economy. The Survey, tabled in Parliament by finance minister Nirmala Sitharaman on Thursday, and authored by chief economic adviser Krishnamurthy V. Subramanian, said flagship programmes initiated by Prime Minister Narendra Modi such as Swachh Bharat Mission (SBM), Jan Dhan Yojana and Beti Bachao Beti Padhao, "provide testimony to the potential for behavioural change in India". (Finance, 2019) The survey laid emphasis on application of behavioural economics in areas of health, gender equality, tax compliance and savings. Taking a look at our culture certain social norms can be used to bring about change in people's behaviour. SBM has been one such incident where behavioural economics was implemented in order to change the social norm of open defecation. Recently there has been an effort to bring about behavioural change in individuals against vaccine hesitancy, mask wearing and making people abide by the COVID-19 norms. There have been surveys where it was found that middle- and low-income countries are hesitant for vaccines as compared to U.S and Russia. <https://www.nature.com/articles/s41591-021-01454-y> (2021) The reasons vary from lack of information about vaccine to mistrust in healthcare quality, weak support from traditional leaders, lack of trust on the government. Government has used various behavioural techniques to promote vaccination drive mainly by use of social media platforms and Information Technology and in some cases incentivising people.

The big idea behind implanting this kind of approach is people are not complete rational actors and suffer from inertia, procrastination and mainly status-quo biasness while making decisions, they require a 'Nudge'.

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Having said that, Nudge as a theory is different from behavioural sciences but only when implied as a tool towards individual behavioural change which at one end aims to secure well-being of the individual at the same time talks about collective responsibility. This was very much evident during the recent pandemic that the world faced, where individual responsibility to follow the protocol was as important to oneself as for the collective whole. It is here that nudge as a part of behavioural science diversify itself from previous approaches which rationalise individual and devoid people of emotions. The rationale behind the Nudge approach is to bring about behavioural intervention in policy making. This idea was popularised by Thaler and Sunstein in their book 'Nudge: Improving Decisions about Health, Wealth and Happiness' that has attempted to show how behavioural intervention by use of choice architecture can be used to influence people in a positive way. Applications of nudge emerged as new mode of behavioural governance to correct the behavioural market failures by enactment of policies to help people make better decisions. In this setting nudge as an approach tend to present a more efficient and effective alternative to coercive government.

Individualism, Paternalism and Welfare State- It was after the second world war, that concept of welfare state emerged with Keynesian model in 1960s that believed state should intervene to ensure equity and growth. After 1970's economics changed significantly and there were new theories that challenged the way economics is conceived. It presented a renewed understanding of economics that included behavioural and psychological factors for a better understanding of people's need and well-being. Welfare policies of the government are premised to secure the well-being of its citizens as Individuals, though are rational beings they tend to make certain decisions that might be fatal for them. The normative justification to use nudge as a technique by the government is to ensure welfare. But on certain occasions the welfare policies are seem more as interventionist and paternalistic policies when it is implemented by government. The central idea of application of this approach is that some forms of paternalism can enable people to have better lives. (Sunstein, 2014) Looking at welfare in a broad sense, does welfare solely rest on the claim to ensure happiness or should welfare focus on ensuring good and meaningful life even if happiness is not involved. Thus, some might consider banning of cigarettes or liquor in some states as an intervention on their liberty. But this approach focuses more on change in behaviour through various methods for example constant beeping sound in car when the driver doesn't wear seatbelt. This is use of nudge through change in choice architecture in order to ensure seat belt are worn. Thus, Nudges should not be confused with mandates, bans, and fines. For example, the Tamil Nadu government recently tried to impose a ban on online games of rummy and poker but could not survive the judicial scrutiny of Madras High Court. Though the intention was to prevent people from addictive games, but the state failed to differentiate between games of skill and games of chance. The problem that arises is when state in ensuring welfare might become authoritative in nature and ignores the individualism and freedom of choice.

The main aim of this approach is to move away from a 'Welfare State' to Libertarian Paternalist State'. ?Libertarian Paternalism maximally preserves the freedom of choice while the government state should only structure the field of choice, leaving the final decisions to individuals. (Thaler & Sunstein, Libertarian Paternalism, 2003). With respect to this definition the goal of paternalist policies is to influence the choices of the affected parties, where the policies must be carefully chosen with the goal of influencing the choices of the selected groups in a way that would make them better off, but with no coercion. For example, Swachh Bharat Abhiyan has been another policy where government has used innovative behavioural policies to change the social norms in order to prevent open defecation. Even though there has been mass construction of toilets in India it did not solve the problem of defecating in open. Lot of reports found that even when people had access to toilets in their house they continue to defecate outside, because of the belief that open defecation is healthier than using toilets. These finding had made it clear that construction of toilets was not sufficient, change in people's attitude was necessary. This



eventually led Swachh Bharat Mission (SBM) to use the 'Prospect Theory' of behavioural economics to bring about behavioural change in people. Prospect Theory predicts that the way choices are framed has a material impact on people's preferences. <https://www.financialexpress.com/opinion/swachh-bharatshows-how-to-nudge-the-right-way/1733445/>) The proponents of liberty or freedom are sceptical of any form of paternalism as paternalism as a theory assumes that Humans tend to lack the rational ability to make good decisions. Even Mill who is regarded as torch bearer of individual liberty proclaims "If either a public officer or anyone else saw a person attempting to cross a bridge which had been ascertained to be unsafe, and there were no time to warn him of his danger, they might seize him and turn him back, without any real infringement of his liberty; for liberty consists in doing what one desires, and he does not desire to fall into the river. Nevertheless, when there is not a certainty, but only a danger of mischief, no one but the person himself can judge of the sufficiency of the motive which may prompt him to incur the risk: in this case, therefore, (unless he is a child, or delirious, or in some state of excitement or absorption incompatible with the full use of the reflecting faculty) he ought, I conceive, to be only warned of the danger; not forcibly prevented from exposing himself to it". (Mill J. S., 1859) Most libertarians believe that nudge undermine the rationality of an individual. There is no doubt about rationality or smartness of individuals, and we do choose best for us but sometimes we do not make wise decisions. It is not because we are irrational but for some reason, we fail in making correct choices. "While founding our decisions on relevant facts or not getting emotionally carried away during reasoning, we are frail creatures, who too often get things wrong in ways that can hurt us. (Conly, 2013)

Some Ethical Concern of Nudging- Viewing nudge as preserving liberty and freedom to choose even though many critics claim it to be manipulative in nature. As we have seen that if welfare is our focus some people might be willing to delegate some part of their decision making to experts. Paternalistic aspect of nudging raises certain ethical and moral questions of infringement on freedom to choose and the very concept of individual liberty. Nudges places immense power in the hands of the policy makers-the government- that might put state in a hegemonic character. Foucault 's concept of governmentality proves itself suitable for an analytical study of changes nudges can bring about in governance. Foucault 's concept of governmentality offers a subliminal and indirect mode of government to exercise power, it is self-evident that it proves a vital tool to assess the power nudges exercise on people 's lives. Governmentality refers to "the actions of the government through education desires and configuring their beliefs and habits in order to determine the behaviour of citizens while maintaining their subjective perception of autonomy. (Li, 2007) This forms another line of criticism as to whose rationality is being preferred individual's rationality or rationality as determined by the government in order to maintain subjectivity of its objects. Secondly Nudges as an approach in public policy is considered manipulative in nature as viewing manipulation by definition means subverting and insulting person's decision-making capability and treats individuals as mere tools. (Wilkinson, 2013) This approach tends to use paternalism as its toolbox which considers individual as irrational actors or with bounded rationality it would "infringe upon the autonomy of the victim by subverting and insulting their decision-making powers". (Wilkinson, 2013) We might say that nudges do change our behaviour in a predictable way for our benefit but that might not imply that they are not manipulative. With respect to welfare, the objection towards manipulation is more or less justified. A manipulator might promote his interests over the chooser. Another major concern with such an approach is 'Lack of Transparency'. The proponents of this approach believe that- "Nudges work best in dark, and the effect of nudges is lessons if it is visible by people". (Selinger & Whyte, 2010) It is evident that since nudges operate in darkness policy makers can promote distinct political agenda

Conclusion- The usage of behavioural policies vis-à-vis nudge as an approach to public policies has raised some ethical questions about violation of individual's autonomy. The techniques and the methodology of



nudging operates on slippery slope. Even though the theory presents a rosy picture of paternalizing people while at the same time maintaining their autonomy of decision making, it does not provide any legalistic measures that might be taken against the government. We have seen lot of cases where the risks might outweigh than the benefits of paternalism. The use of power by the state in modern societies is protected by the concept of rationality where the normal rational thing to do would be state intervention to secure welfare. Hence state intervention becomes new normal to secure welfare, against or even with their will. Thereby, the application of nudge as a tool in public policy could be fruitful, at the same time preserving the individual freedom of choice is sceptical. The truth about this statement would depend on an empirical study from case to case. However, there are higher potential of government manipulating citizens which later on might be difficult to avoid as they operate subliminally. Application of nudging in public policy seems to be limited due to the ethical constraints on liberty and autonomy of individuals. If we look at nudging not as a hegemonic tool of state intervention but as a form of good governance is paternalizing people justified? Since we value our autonomy and liberty, does it actually ensure our welfare. Does Liberty actually better off even if welfare is not ensured or welfare is what is important even if it means manipulation of our choices to ensure the desired end.

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