Nudge: Improving Decisions about Health, Wealth, and Happiness. By Richard H. Thaler and Cass R. Sunstein. Yale University Press, 2008, ISBN 978-0-30012-223-7, 304 pages. doi:10.1017/S1474747209990175

Each day we face countless decisions that test our self-control: order greasy pizza or a healthy salad for lunch? Buy a new pair of shoes or put that money in the bank? Surf the Internet or buckle down and finish the project? We don't always make the "best" choices for ourselves, and we often realize that we *should* find a way to reduce temptation. Yet we're reluctant to voluntarily give up choices or to have them taken away – indeed, we often want something even more once it's expressly forbidden, a phenomenon known as "reactance." So if you want to steer yourself or others toward making the most beneficial choice, how you present the options matters, and imposing restrictions that don't *feel* like restrictions, can go a long way.

In *Nudge*, Richard Thaler and Cass Sunstein build on these insights, offering a solution to the dilemma of self-control, as well as the problems caused by its close relatives, decision-making biases and social influence. They argue that we can actually use these potential pitfalls to our advantage in presenting choices, thereby encouraging better individual decisions and improving the welfare of society as a whole. *Nudge* is an engaging and important book that attempts to tackle the major problems of the 21st century – not just in our own country, but on a global scale – and the authors are to be commended for generating proposals that are certain to stir discussion on a variety of timely issues.

Thaler and Sunstein first introduce the concept of a "choice architect," a person responsible for organizing the context in which people make decisions – for example, a doctor describing different treatments to a patient. The context of the decision is the "choice architecture," and it turns out that seemingly minor aspects, such as the order in which options are offered, can have a major impact on people's behavior. The authors argue that choice architects should therefore design the choosing context intelligently and build in "nudges" to help people make the best decision. Their overarching philosophy, libertarian paternalism, is essentially the belief that we should strive to maintain or even increase freedom of choice, but at the same time acknowledge the legitimacy of influencing people's behavior in order to improve their lives. After providing this theoretical foundation, Thaler and Sunstein suggest a variety of nudges, grouped into three categories: "Money," "Health" and "Freedom."

What does a nudge look like? In one chapter, the authors describe "Save More Tomorrow" (the brainchild of Thaler and collaborator Shlomo Benartzi), which is designed to increase retirement savings by having people commit to automatically increasing their contribution rates each time they receive a raise. SMarT takes into account the factors that most often thwart our saving goals – aversion to smaller paychecks, focusing on the present, inertia – and cleverly circumvents them or turns them to our advantage. The authors also devote a chapter to the Medicare Part D prescription drug plan, proposing improvements like restructuring the Medicare website to make it more user-friendly. Such suggestions are simple yet powerful, and it's hard to see a downside.

But before we go nudge-crazy, are there boundaries to applying this concept? Consider the following scenario: your baby sustained life-threatening brain damage at birth and is now in intensive care. The doctors tell you she will likely survive indefinitely on life support, but would remain in a persistent vegetative state for life. Should her treatment be continued or withdrawn?

Or imagine you've been diagnosed with terminal cancer. Should you try an experimental drug that might give you a few more months, but with potentially debilitating side effects, or focus on making the best of the time you have left? We strongly believe that we should make the decision in such a case, and can't bear the thought of surrendering that right. However, my own research with Kristina Orfali and Simona Botti has demonstrated that people are actually worse off when they make these life-and-death choices, than when they ultimately leave the decision to their doctors. We even suggest a nudge to alleviate the emotional

burden – physicians endorsing a medically recommended option – but is it better to prevent unhappiness or to allow someone to choose?

Additional questions emerge in the context of various social issues discussed in *Nudge*, including same-sex marriage, climate change, and health insurance policy. For example, the authors propose privatizing marriage, creating a system in which states administer civil unions and marriage becomes the province of religious and other organizations. Some people will be more receptive to such suggestions than others, based on their notions of right and wrong in each case. When these differing viewpoints collide with a nudge, to what extent can we – or should we – mandate social change?

Nudging is an elegant idea, and when there's agreement about what the "right" answer is, it can be very effective. Take SMarT: people aren't saving enough to cover the basic necessities in retirement, and they express a desire to save more, so it's difficult to argue with a nudge. But when we lack consensus on a more divisive issue, a nudge has the potential to be inadvertently harmful. Overall, it's clear that we should move toward using more nudges, but the challenge is identifying those contexts in which a nudge is the right thing to do.

A broader challenge in designing nudges lies in determining what it means to act consistently with a person's freedom, and more generally, in accordance with libertarian paternalism as a whole. In his essay, "Freedom of the Will and the Concept of a Person," philosopher Harry Frankfurt distinguishes between first and second order desires: you can want something without wanting to want it. For example, if an addict wants to take heroin but doesn't want to want to take heroin, his will is unfree in sense that he can't enforce his desire to not want the drug. In fact, studies have shown that smokers are actually in favor of raising taxes on cigarettes, even if doing so might be an imposition on their freedom. They *know* they shouldn't smoke; in both medical and financial terms, it's a poor choice. The incentives to *not* smoke, however, aren't compelling enough. But when cigarette prices rise, the incentives rise, and at some point, people decide they simply can't afford the habit. The same cigarette can be a lot less tempting when it costs more.

In cases like addiction to drugs or alcohol, excessive consumption of fast food, or compulsive behaviors like gambling, is it more important to maintain people's freedom in the general sense or to act in accordance with their true desires, even if their behavior runs contrary to these desires? One can envision instances in which people simply cannot exercise the degree of self-control necessary to opt for voluntary programs like placing themselves on a casino ban list, or putting a sum of money on the line that they will forfeit if they can't quit smoking. If they would be happier in the end, and society would be better off, would it be worthwhile to violate freedom to some degree? Particularly in cases where someone's behavior imposes externalities on others, how do you strike the balance between maintaining individual freedom and acting for the benefit of society as a whole? In the end, Thaler and Sunstein acknowledge that certain types of prohibitions or mandates – such as anti-discrimination laws – are likely defensible even if they are not at all in keeping with the authors' overarching philosophy. However, they leave open-ended the matter of how we should determine what contexts call for going above and beyond libertarian paternalism.

Ultimately, coming up with the answers to such questions is no easy task, but that's not to say it can't be done. And while we may debate about what constitutes a nudge, when to use a nudge, and how to implement it, the concept of nudging itself is a powerful one that promises to significantly transform our society.

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