Nudge: The Future for Policy?

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26 June 2014

Question 1:

The example of the job centre was very interesting. As a young recent graduate it is a soul destroying process going through job centres and it constantly seemed to have the reverse effect - making you feel like you were less likely to succeed - so the small changes you point out seem very positive. However, the whole experience has lacked affirmation, it seems to be a lot of small touches in the reading and expressions may not be politically controversial but affect the wider experience. How do you think you can integrate behavioural models into what are much more controversial and partisan arguments about what works and what affirms people to get into work?

Question 2:

To what extent do you see these kinds of effects to nudge policy just because it is new, because a job seeker has never received a message like that before and will they get used to it?

David Halpern

There were more questions buried in there on what works. Some of it can be more politically controversial but as you gather, I've tried to give you a sense, a lot of it is not that politically sensitive and careful observers will note that the opposition haven't been criticising this approach. I think it's just because I used to work with them, but they also see its power. It's kind of self-evidently the case.

For the most part you could use it in more difficult areas. Another job related one which might be more controversial - we now get commissioned by other governments, and we just completed a trial in Australia with injured workers getting them back to work 27% faster, if I remember correctly. They get this thing and then they get a whole load of communication saying 'you have suffered a serious injury, we're going to do this assessment'. Inadvertently you create this narrative back to this person, 'I must be really sick' and if you're not careful you also create a dynamic where the role becomes 'I've got to prove how sick I am' which is really problematic, and is really bad for the individual if they stay out of the labour market for a while.

An everyday example if you've got kids, which I think is an incredibly powerful illustration of it in an educational context, is from Carol Dweck on how you give feedback to kids and if anyone knows this she knows her stuff. One of her classical tests is she has kids do a maths test and they randomly get given feedback in two forms. One group is told 'good you're very smart, intelligent', the other group are told 'very good, good effort' – so that's the only difference in how they are given the feedback. A week or two later they get another maths test but it's really hard, it's a deliberately hard maths test so most of them will struggle with it. Then a week or two later they are given another test similar to the original one again. Now the kids who were told 'good effort' are now doing 15% odd better than they were originally, the kids who were told 'you're really smart' are actually doing 15% worse than they were originally, they've gone backwards. So how can that be so consequential? Because you've inadvertently created a theory of mind in that child about what happens when you reach difficulty. Do you interpret that as a test tells you how smart you are in which case I'm doing really badly so I'll reject the test, and you give up? If on the other hand you think you success in life and on the test is to do with your effort then you reach a difficult test, what do you do? Try harder. So just that tiny bit of feedback can set a child on a very different trajectory and be incredibly consequential and often we are doing that in services in ways we don't realise or indeed at home with our kids.

Will the tax work repeatedly? A standard question on a lot of this stuff is 'will you just wear out these effects' sometimes of course it doesn't matter as it's a one off change. If it's about saving for a pension, or getting someone to insulate their home, or join the organ donor register actually if it works once, that's generally good enough, they might back out but generally it's fine.

That said there are lots of situations where that isn't the case, so there's a lot of work on where you get persistence. So on voting, the evidence is when you get these approaches like when you have implementation intention, you not only boost voting in that election but in subsequent elections as well. You re-establish a new behavioural habit, partly because other forces come into play, not least if everyone changes.

But will it get used and abused? It might well, it's often too early to say, but to give you an everyday example I sometimes give to illustrate why the effects are more persistent than we think they are - how many people have got watches – for those of you who have watches, how many of you have the watch set fast? [Asks audience] So quite a few of you, so you know your watch is set fast about five minutes, one or two minutes, three minutes, ten minutes. Well you know it, what's that about? Occasionally I used to think I should just set my watch to the actual time and then would spend a month missing my train every single day. Why I think it matters is if you're not in a hurry you can make the adjustment 'oh yeah the actual time is...', but if you're in a hurry that's the one time when you just glance at it and you use it as an heuristic, particularly if it's harder to calculate which is why I go for three minutes not five. Nonetheless it's persistent in it's effect even though you know it's there.

Even if it's going with the grain of something someone wants to do anyway, there's good grounds to think these repeated prompts will work. But there's definitely a major issue that it might get used and over used in certain contexts. One example, I was in Australia recently for another trial which we've been working on over there, which is just some simple stuff around prompts and one of the elements was a stamp, huge red ink that said 'pay now' and it improves repayment rates. I was doing this interview with public TV, and one of the women said 'oh god, you guys probably did those letters, I got one of those letters for a parking fine', anyway it turned out it wasn't one of ours because the way we had done it was you only introduced it on the third letter, because we felt that was appropriate. But her council had decided to use the letter and they had used it at the beginning and it was offensive, and people found it inappropriate. So that is as much a concern to us is you will see these approaches overused or inappropriately used and then it really will destroy their effect and possibly undermine their point.

Question 3:

Can you nudge spontaneously? So if we gave you a number of issues could you nudge them for us? For example, on kids and changing their behaviour there was something in the news today about teenagers becoming sexualised early on and looking at all sorts of unpleasant things on the internet, how would we nudge kids in the right direction to nudge them away from that.

Question 4:

In terms of having two beds in a hospital, this is an extremely expensive measure for hospitals - even if it is beneficial for patients there was a huge loss of money for hospitals, is it therefore cost effective?

In international affairs, you were adviser during Tony Blair's time, and there is a lot of concern about Iraq based on the decision made by a small number of people in Parliament, as a former adviser to Tony Blair do you think you have to have an input into international affairs in order to prevent war in future?

David Halpern

I am afraid I worked in domestic policy under Tony Blair so I can't give you all the insight on that but it's well rehearsed. If I take the easy bit of your question first about people and health: In Lund it works and obviously one thing we look at when we design an intervention is we always have an eye on what are the underlying costs, so we try to design things that can be scaled. On occasion we have them, where we were doing work in Singapore, and an intervention was designed that got fantastic results and we were really delighted about it but then they said, 'yes we aren't going to roll it out because it will cost too much'. And we were quite frustrated, as it hadn't been made clear that a couple of elements were really expensive, we generally billed that in from the outset.

To give you a variant on the health example which is in London, Kings hospital started using volunteers in a major way, they used to have 120 or something, they now have something like 2000. Part of the brilliance of the plan is that they ask the staff what are all the things you would love to have time to do for and with your patients that you don't have time to do. And they come up with a long list of things – like just having time to talk to someone who is worried, to take someone home to make sure there's milk in the fridge etc. Many of those things have real cost implications as they affect discharge rates but what they really make a huge difference to is the quality of the patient's experience. And the data is being looked at now, pulling it apart for when wards have got the volunteers and when they haven't and basically you can see the patient satisfaction data – friends and family tests - showing this difference.

Does it save money? It doesn't save a fortune but it's introduced as an additional quality into the service and when you see it you just think, why not. In fact two different populations come through: often younger people thinking of a career in medicine, or some aspect of a profession, or who want work experience for a CV. But also a really important population is people who have had an experience in connection to healthcare system, Kings in this case, who want to reciprocate and if you ask them they say 'yeah I would love to do that'. And we have found something in experiments where if you just ask people 'would you like to do this, would you like to help', then a huge part of people would love to. And a huge part of the literature on well-being is it makes you genuinely feel really good to help, and to give and we systematically underestimate how good it makes us feel when we give and help other people.

In terms of war, I don't think sadly I have all the answers to it, but funnily enough I was in another European country and there was a discussion about Ukraine and what are we going to do about Russia and I was like 'I'm sorry I don't think we know the answer to that'. But funnily enough in the well-being data which is there are these quite big cross-national variations. In the war, the Beveridge report [1942] was dropped into Germany in huge numbers, something like 600,000 copies or something insane were dropped into Germany

Julian Le Grand

In English?

David Halpern

I don't know. I don't know if you know what the Beveridge report is, it's basically a very dry report on welfare systems and how it was going to be built after the post-war period, so part of the point was actually it's a nice country and we've got some nice ideas for how the world will develop.

I do think it's an interesting empirical question which is to circulate more generally, which is what is it that drives life satisfaction? And certainly conflict is not great for that and certain kinds of freedoms are really good and in some way would this inform the choices? I don't know, I wouldn't overstate it. There is a whole area which we don't do I should say which is Psy-Ops, which is used sometimes to persuade other populations, we just don't do that, doubtless there are places to do, but we're focusing on more humble matters.

In the meantime there was the challenge - the sexualisation of kids. What we would normally do is boil it down to what exactly is the behaviour you're trying to change. Quite often in policy people float around at quite a high level and say it is something diffuse, so you try to be more specific about what it really is you would try to achieve. So that might mean you don't want kids exposed to certain kinds of images, or you don't want parents to dress up kids in certain kinds of ways, so you try and boil it down more precisely as the behaviour you're trying to get at.

Are there things you can do? Well a lot of it will probably take you into the internet and advertising. There are quite a few things you could do in that space around what is considered appropriate imagery or not. And there's some very interesting work on behaviour on the internet - some of which seems paradoxical you might think at a glance, so how people behave around privacy. The main thing is if you have a reporting button that is more present on a browser, where you can report that something is inappropriate that changes behaviour very dramatically, very directly, as it primes you to think about what is appropriate and what is not. It also makes you more sensitive to security and privacy issues. There's an interesting question then about whether you get a report, before you go to some image or something which says 526 people thought this image was inappropriate or uncomfortable as opposed to a generic warning, would that be far more powerful? Probably. Social norms are incredibly powerful.

Can you do things in the advertising space, we know that's important. Can you design codes and so on? There are also things about what you don't want to do. A very popular thing around teenage pregnancy- which is a slightly different issue I know – but they do these things which ministers have often loved where you send a teen mum into the school, there were big programmes to do this, to go and talk to a school to say you shouldn't do this. What's the effect? Everything in behavioural literature tells you that this is a disastrously dumb thing to do. Because what you're doing is putting someone who is articulate and effective up there and you are basically saying 'actually I'm functioning and here's a cute little baby'. What you need to do is have a row of five people who went on and got married, and did this thing and went on a trip around the world and so on, and then number five is 'oh I've got a kid'. And that is likely to be far more effective.

So I've not done justice to your question but we do generally do a lot of work trying to get Whitehall and the Civil Service more attuned to the issues that might be relevant so I go through that very crude EAST - what are you trying to make more easy, what are you trying to make more difficult, what's attractive, what's not, social what are other people doing. And timely – what's the best point for at which you can make an intervention. So you can slice it and take an issue like that, that we think let's have a go at. Maybe war is a bit difficult but we have found all there is on domestic policy you can use behavioural insights.

Julian Le Grand

Responding to both issues and thinking about nudges and war, not necessarily to stop war but we might think about things like legislative cooling off periods so that you automatically - if a decision is made in the parliament or by a legislator – it doesn't come into action for two weeks. Or you might think about some sort of sunset clause so any piece of legislation has to be renewed within say two weeks or six months in order to carry on. I don't think it would stop war but it might help control the impulsive actions of government. We didn't actually talk about cooling off periods, which is another nudge of a kind and actually quite an interesting one too.

David Halpern

There's obviously issues about how you identify with other groups and so on, and how you play that out.

Question 5:

Do you think it's fair game for the private sector to use the same methods or are you concerned about how they might influence people's purchasing decision and their behaviour in that sector

Question 6:

If your results have a proven impact, social norms have a lot of impact but herd mentality is not necessarily a good thing, could it be seen that you're playing God and is that right, why do you have a power to do that? It's a real power you have there and it's definitely sketchy.

Question 7:

Do you inform people that you have used nudging tools during the implementation of policy and is there a possibility for people to know that they've been nudged as it could be very positive, if people know their behaviour could be a different way if they were aware of it.

David Halpern

Fantastic questions. The private sector is of course using it. Obviously airlines use it. A very nice simple example which you may be using is when you're waiting to book your airline and seats and are going through some site, it's been shown and tested in some detail that if you give some sense that you are waiting and if you can see that it's doing something that looks like a number of things are being checked then people are happier to wait. They have a sense of progress.

Obviously there's a lot of stuff which happens on pricing but a lot of the private sector work is normally done by evolution through the market rather than by deliberate design, but as I mentioned in passing one of the reasons the governments are getting pulled into this whether they like it or not is how certain consumer markets are operating. In particular you get situations where markets are competitive in a classical sense, like the energy market where there are companies who are doing their thing, but because you get certain kinds of consumer detriment because of friction costs and other issues and governments are under pressure to intervene, and regulators in particular, to think about what that means. It also gives governments and regulators new solutions, which can be lighter touch than conventional regulation.

There's the playing God question, which I'm glad you asked as I think it's really really important, a serious question. My own view is that if governments want to use this in larger ways they need to couple to it stronger mechanisms that give permission to governments to do it. So one of the reasons why I think the pensions default change was held across the UK, even across administrations is because Adair Turner ran a really top notch consultation with the public including random samples and evidence, and so on, and to some extent the public gave government the permission to make the change. When you show the sheer force of defaults and how they operate and what was going on, basically what a surprise, people say well you should change the default the other way.

I think there are many other areas that have got the same characteristics. I think governments could have introduced smoking bans much sooner if they had asked the public in a serious way and I think the public would have given them permission and there are a lot of things to do with lifestyle choices where governments are really in a bind and they feel like whatever they do they will get hammered. If they don't act, think of an example like obesity, a decade ago, if governments don't act people ask why the government isn't doing anything, but when you look at a lot of the policy options, lets get rid of chocolate bars by checkouts – 'who are you to say we can't have chocolate bars'.

So to me part of the response has to be that these things rest on lifestyle choice and tacit acceptance from the public and their own behavioural choices. It's like a commitment devices. You have to draw out the public, and I'm a big fan of deliberative forums and polls that take random samples of the public and take them through the issue. I think you have to be prepared to do more of those and build up their profile institutionally, and they are a message to government, but they are as much a message to commercial players and fellow citizens about what the way forward. So yes I think it's really important and interestingly some of what we are now doing with other countries is increasing the use of deliberative forums. We are doing some things science wise but I would love to do more ambitious in that space.

Julian Le Grand

An advantage of most nudge techniques is they do allow the possibility of an opt out in some way, which is really important so the God accusation is …

David Halpern

So Casson in the US felt very strongly that they should be choice enhancing, and that is one interpretation in the US context that nudge is very much in that space. Some of our stuff which bears on your question is if you've been sent a different letter, you don't know actually. It could say on it 'you've been sent a different letter' but it's difficult to calibrate for something like that, what is the appropriate way to do it. Often you have to do it through a permission mechanism where someone else kind of gives you permission. But interestingly, there's a fascinating recent paper by George Loewenstein on defaults, which shows even when people are told, we are nudging you, we have set this default, so we have made it up and we have set this at random, people still anchor to the defaults incredibly strongly. So again reinforces their power and a lot of people feel this is a good way to simply signal that is what it is...

Julian Le Grand

It's like your setting of the watch example too, five minutes fast we all know we've done it.

Question 8:

Are nudge policies appropriate in areas where fundamental reform is needed or can they be sometimes used instead of fundamental reform?

Question 9:

This is happening all around the world, behavioural economics and its use in policy, so how do you stay on top of the rising tide of experiments and learning? What channels do you use to keep a finger on the pulse?

David Halpern

Very good. Of course they can be, and one of the criticisms is sometimes that that is what they are. So interestingly you can get hit from two directions, and it can be; is isn't this terrible mind-control you're playing god, and the other is why are you fiddling around with this when you can do proper reform and make people save or pay their taxes, and of course both could be true. To us in the UK context we just try to use it to say let's try and introduce a more nuanced account of human beings into the equation. We are more likely to get policy that will be effective and indeed is more acceptable and services that are easier to use.

In some areas actually I think it can take you back to why you have to use conventional regulation. I mean sometimes it doesn't and it can give you some very different solutions. With the e-cigarettes - if you believe the numbers coming through- it's one of the biggest public health innovations of the generation, it's extraordinary and it also reduces social class differentials. It doesn't mean we will shut down the health service I don't think.

Another area like green policy, and there are some very neat results like giving feedback, the Opower work, how much do you use your electricity in relation to others and it can get you a few percentage points down and that's really neat, but for the most part most environmental issues it's almost perfectly configured psychologically to mean its very hard to achieve change. After upfront costs for future diffuse gain which my contribution is very small etc and you might decide actually a careful reading of the behavioural economics stuff will drive you back to why you have to use regulation and carefully priced instruments in those areas. So we don't really see it as exclusive. But just like when you design a car you use a wind tunnel, when you design a policy you need to introduce the problem but introduce it to constraints around real human beings in that story.

How do we stay up to date, we do a lot to be academics when we can, we particularly work with North American universities. We've just done a joint grant with one of the US foundations to work much more closely with Harvard who we work with a lot anyway, they happen to be bringing a lot of people together, we work with Chicago. Increasingly it is an international thing. There was a big event we just did in Australia, we are going to do the next one. There were five countries at that, the next one is hosted in London next year and I would be amazed if there weren't at least ten or fifteen countries attending. So it becomes an opportunity for people to swap notes about what's working, what's not working, but you're right it's a burgeoning field and I guess it's going to get harder to stay at the front edge and to know everything that's going on. But that's a good challenge to have.

To give a concluding note before we all get carried away with it, we've had some great results which have made all but the hardest sceptics think look this is stuff that policy-makers should be thinking about and using. On the other hand you can say we're still scratching the service, we are totally scratching the service, take an area like health where more than half, and by some estimates three-quarters of years of healthy life lost are due to behavioural factors. That's not where we spend out money in healthcare, it's certainly not where we spend our money on health research the estimates are less than half a percent of health research are spent on behavioural factors. One the one hand it's great, good results. On the other hand when you start to see the world though this lens and see just how consequential all these tiny little details are it also makes you realise we have only just begun, people don't look at it in that way, they don't think about every single detail and model and systematically test the consequences.

We set up the 'What Works Network', which is not just behavioural but using those kind of methods more generally, and I think it's a really important development, but it's going to involve a lot of people and I think it will change the way we do policy and the way we do things. Rather like in the commercial world where we say we don't have to know the answer, and we often don't know the answer, and but we can do something in multiple forms and figure out which is the one that works best for citizens at lowest cost. I feel pretty optimistic about the scale of change that can be affected if we do that properly.