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## “Not everyone wants a state that nudges”

**Nudging: Professor Dr. Stefan Trautmann is a behavioural economist who deals with people’s financial decisions. He contributes to the development of the BfR’s risk communication strategies with his specialised knowledge. In this interview, he talks about the method known as nudging and its possible areas of application.**

**Professor Trautmann, the BfR has the mandate of assessing risks and making them public. But even well-informed citizens take many well-known health risks, for example by lighting up a cigarette. Does this mean that information alone does not help?**

Information about possible consequences always helps when reaching a decision, but people often neglect or ignore risks. So, why is that? In their book “Nudge: Improving decisions about health, wealth and happiness”, Richard Thaler and Cass Sunstein describe the psychological obstacles that prevent us from implementing our preferences when making choices. It is clear to them that we often decide in favour of something that we don’t actually want. What is known as nudging is supposed to prevent such mistaken decisions.

**So nudging is supposed to help us to implement our own preferences?**

Yes, nudging is intended to incite people to clever behaviour without restricting their freedom of choice.

Instead of forbidding things, the goal is to neutralise the afore-mentioned psychological obstacles. What we call the choice architecture is altered here. A well-known example of this is the practice of organ donation. Whereas donors in Germany have to make an active decision in favour of a donor’s pass, Austrians can only make a negative decision against it. This difference contributes to the much higher willingness to donate in Austria compared to Germany.

**What forms of nudging are there?**

The design depends strongly on the application. First, there is the standard option described above in the case of organ donation. This is known as setting a default and can usually be applied without much effort. Another version would be to make the preferred option more accessible. If fruit is easier to reach in the canteen than a sugary dessert, for example, this could cause a hungry person to choose the fruit. Simple information conveyed in a very accessible manner can also be seen as nudging.

**Do social comparisons also function in nudging?**

This is the so-called social peer effect. Consider the example of a family’s electricity bill: suppose the bill includes information on the average electricity consumption of a typical household of four in your neighbourhood. If your own family’s consumption is considerably higher than this average, this information may encourage a change in behaviour, reducing possibly wasteful consumption. Nudging can therefore take on many different forms.

**How can these applications be evaluated?**

To be able to evaluate the applications, two questions have to be addressed. Firstly, will the application have an effect? Although the design of nudges is based on insights from the behavioural sciences, only vague predictions can be made for most interventions. No sound theoretical basis exists for many of the desired effects. To determine the effect, applications typically need to be tested individually. How do consumers react to traffic light labelling which signals the sugar content in foods, for instance? Secondly, it has to be clarified whether the benefits justify the costs. That’s the efficiency question. One advantage of nudging is that there are many applications with low implementation costs. For example, a letter is easily adapted with alternative formulations or layouts that simplify and guide the consumer’s decisions. A cheap intervention like this can be worthwhile, even if it has only a modest impact on behaviour.

**If applications prove to be effective and efficient, could players in the field of consumer health protection use nudging too?**

Yes, consumer health protection applications are conceivable. Suitable areas include the consumption of potentially health-damaging products, or aspects related to a healthy life style. The effective conveyance of relevant information, as well as the structuring of the decision environment, are relevant approaches in this context. Importantly though, the different institutions involved in consumer health protection differ greatly in their mission and mandate. The mandate of the Federal Ministry of Food and Agriculture, for example, is different from that of the BfR. Whereas the ministry can issue bans, or introduce marking and labelling obligations, the role of the BfR lies in the assessment of risks and their transparent communication. There is a clear distinction here between risk assessment and risk management.

**So institutions actively involved in risk management could use nudging?**

This is certainly conceivable. In their book, Thaler and Sunstein advocate that the state should use nudges because they presume that people’s freedom of choice will not be restricted by it. In many countries, including Germany, there are teams who advise the government on nudging interventions. In Germany there has been much criticism from various sides, however. Not everyone wants a state that nudges.

**BfR Committee for Risk Research and Risk Perception**

The Committee for Risk Research and Risk Perception advises the BfR in the choice of its methods for determining the level of information and subjective risk perception in the area of consumer health protection relating to food and feed, consumer products and cosmetics. The committee also supports the conducting and evaluation of target group-specific communication measures and assists the BfR in the context of emerging risks.

**What are the problems with nudging?**

First of all, many people fear subtle influencing by the state. Nudging is often seen as state manipulation which lacks the necessary transparency. I do not consider this argument particularly convincing. Through its structure, a supposedly “nudge-free” situation also influences consumers’ decisions in a manner that lacks transparency. Another argument against the use of nudging by the state is that it does not only affect people’s decisions, but also their preferences. This would contradict the goal of helping people to better implement their own preferences.

**Can you give me an example?**

If, for example, we change the inquiry into special dietary needs for a dinner menu from “vegetarian” to “main course containing meat”, a norm is changed too. In the first option, the default is a meat dish and in the second a vegetarian dish. In the second instance, people who otherwise eat meat might thus question their preference.

**Are there other points of criticism?**

The so-called crowding out of other measures is given as an example. If a product is regarded as damaging to health, discouraging its consumption by taxation or by a potential ban often requires a tedious political process. Nudging could then provide a low-conflict alternative to policy makers. However, if the nudge has a much weaker impact than the more heavy-handed regulation through taxation or prohibition, avoiding political discourse comes at the expense of weakened health protection. In my opinion this is one of the stronger arguments against nudging.

**Many thanks for the interview, Mr. Trautmann. ■**