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Politics can nudge people to be better

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GOVERNMENTS can encourage us towards desired behaviour using psychology to design regulation.

SOMEWHERE at Schiphol airport in Amsterdam there is a urinal with a life-size fly painted on it at a strategic height. It was put there as an experiment in male behaviour. Sure enough, the outcome was a significant reduction in cleaning for that particular urinal. By using human psychology the airport got some of its male customers to pay more attention to their aim.

This story is cited by Barack Obama's regulation tsar, Cass Sunstein, as an example of how regulators can improve outcomes without using traditional command and control mechanisms. He calls this approach nudge regulation, where people retain choices but are gently pushed in a particular direction.

Beyond this amusing example lie countless more serious instances where this approach offers better social outcomes without unduly inhibiting individual freedom. In his landmark book *Nudge* (with Richard Thaler) Sunstein sets out numerous examples of how governments can manipulate "choice architecture" to change behaviour without diminishing choice.

The key lies in understanding how our automatic instinctive side tends to prevail over our rational reflective side in determining our behaviour. A canteen will sell more fresh food and less junk food depending on where they are positioned. More people will recycle towels in hotels if they're told most people do this. We'll get better savings outcomes with good default options people have to opt out of, than if we rely on mere persuasion to get them to opt in.

Sunstein calls this approach "libertarian paternalism", which sounds like one of those oxymorons that can be added to the list that starts with "pregnant virginity". Yet despite the peculiar name, it holds enormous potential for reforming government and regulation. We already use this strategy to regulate behaviour. We allow people to smoke, but we tax cigarettes very heavily to discourage people from doing so. We allow parents to refuse to immunise their children but they lose certain government benefits.

The nudge approach is particularly promising for problems we want to tackle but for which we have no viable command and control options available. I'd like to encourage absent fathers to play a bigger role in their kids' lives.

There are a couple of hundred thousand Australian kids who rarely, if ever, see their fathers. Sometimes that's a good thing, but mostly it's driven by inertia, irresponsibility or lack of interest. We can't force people to love and nurture their children, but the nudge approach may open up possibilities for lateral solutions that don't undermine choice and don't produce negative consequences.

There is a wider significance to Sunstein's work that we should consider. It seeks to integrate a sophisticated understanding of the dynamics of human behaviour into the way we govern. The philosophies that have dominated politics in modern democratic societies have all failed to do this.

All human societies reflect basic imperatives such as equality, competition, order, choice, fairness, consumption and conservation. Different societies manifest different mixes of such factors, driven by cultural, geographical and historical influences.

The leading philosophies that dominated 20th-century politics all emphasised one or two such imperatives and ignored or downplayed others. Communism emphasised fairness and equality, and discarded choice and freedom. Fascism emphasised order, downplayed competition and repudiated freedom. Market capitalism emphasised choice, competition and freedom at the expense of fairness and equality.

In practice, these philosophies have rarely been fully implemented in a pure form because they are pushing against powerful contrary forces in society. However, absolutist philosophies such as fascism and communism that discard imperatives fundamental to human existence have distorted modern politics and, in extreme cases, produced widespread conflict, misery and death.

The interplay of these philosophies has helped to produce liberal social democracy, which is the dominant, but not universal, model of human social organisation. Unfortunately, this model is primarily characterised by what it is not, rather than by any dominant defining characteristics. It could be seen as a generic set of random compromise outcomes from decades of endless collisions between the more absolutist philosophies.

Sunstein's efforts to craft a new philosophy for regulating human behaviour in modern society are part of a wider trend. Others are also seeking to develop political frameworks that incorporate basic human imperatives more effectively.

Developed by the Relationships Foundation in Britain, relational thinking seeks to place human relationships at the centre of decision-making in modern society. Behavioural economics seeks to modify the mechanistic assumptions of traditional economics and reflect the fact most human beings are not rational optimisers of self-interest in practice. Like Sunstein with the nudge principle of regulation, they're building sophisticated ideas frameworks to enable collective action and decisions within a modern market economy.

Governments across the world are introducing programs that reflect this thinking. Brazil's Bolsa Familia program, which pays government benefits to poor families only if their children attend school, is an outstanding example.

It could be decades before these disparate efforts solidify into a coherent political philosophy. In the meantime, they offer inspiration to aid our thinking in addressing complex policy challenges.

The recent debate about league tables of schools is a good example. I support publication of information about school performance, but those who suggest this will transform educational outcomes overlook a vital element: human behaviour. Some parents care a great deal about their children's education. Others care much less, and some lead such precarious existences that they can't really care much at all. Parental motivation is a crucial input into a child's education, perhaps the most crucial. Improving transparency on outcomes, providing better-paid teachers and building better school facilities are all central to improving education outcomes. Yet without improvement in parental commitment, the returns on such inputs will be constrained.

If a proportion of parents aren't paying much attention to school performance, why would we assume that mere publication of data will dramatically change outcomes? Competition and choice are important tools in the quest for better education, but it would be foolish to assume all parents will make equal use of them. And that means they have to be complemented by other mechanisms.

That's a much harder nut to crack. It's why the thinking of people such as Sunstein and the Relationships Foundation's Michael Schluter is so important. If the dynamics of human behaviour aren't properly incorporated into our policy frameworks, we won't achieve optimal outcomes. By definition, that's difficult. We've come a long way from the simplistic absolutisms of pure capitalism and communism, but we've got a long way to go.

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