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Don't budge against nudge [1]

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Last night I debated at the first Sp!ked Drinks event about 'nudge' policy. Here is what I prepared for my opening statement against 'nudging'. It's worth bearing in mind that this is an attack on nudge policy as it has been promoted and implemented by governments, not necessarily on the book by Sunstein and Thaler.

Nudging is a new way of talking about an old idea: that people do not act in ways that are best for them, and should be helped along by their betters.

Understandably, this is a popular idea ? most of us think that other people are very stupid, and people drawn to politics often think they have the right ideas for other people.

Many people like the idea of nudging because it isn?t as extreme as old-fashioned paternalism ? they don?t want to force you not to eat so much, they just want to move chocolate oranges away from the checkout counter.

But seemingly-small nudges can have big implications about how we view the individual?s relationship with the world. Making organ donation the default means that your body by default belongs to the state or to society, not to yourself. Making military service something we have to opt out of would do the same thing.

Nudging food companies into cutting salt or sugar input is not benign at all. Companies who comply with government do so because if they don?t, a much less voluntary approach will come sooner or later. Government may nudge softly but it always carries a big stick.

Much of the argument for Nudging comes from a misunderstanding of why people are libertarians.

If you have built your models of the world around a wealth-maximising *homo economicus*, nudging is a godsend. The model of economics that is based on all-seeing wealth-maximisers is a very silly one.

If you thought that that was the best or indeed only argument for leaving people be, you would indeed be quite excited by Nudging after you had discovered how silly your views of human beings were. Here we can use the wisdom of government to correct the folly of man.

But the chief problem with government intervention in our lives ? whether it is Nudging or direct paternalism ? is not that it interferes with homo economicus, but that government is usually a lot worse than we are at knowing what is good for us.

This is true on two levels.

The first is that government can be very ignorant of the consequences of its actions, and what makes

government different from private action is that it is a collective approach.

A government nudge to do something will necessarily affect everybody, so if it makes a mistake, the problem will be compounded across society.

There are countless examples of seemingly-good government nudges that have turned out to have very bad unintended consequences:

Bicycle helmet laws and ?nudging? public information initiatives that seemed like a no-brainer have resulted in more deaths, possibly because drivers act more recklessly and fewer cyclists take to the roads.

The food pyramid that was used to ?nudge? people into eating right advised people to eat between six and eleven servings of bread, pasta, cereal and rice a day, things we now think may make us fatter and less healthy.

After the Potters Bar train crash, trains were slowed down to a crawl in some areas to avoid more crashes. The unintended consequence was that more people took to the roads to get to work on time ? and driving is significantly more fatal than train-riding. By trying to make trains safer the government almost certainly caused more people to be maimed in car accidents.

Bank regulation in the 1990s and 2000s that was intended to make banks act prudently drove them to take on much of what was then thought of as the safest debt ? mortgages, government bonds, and triple-A rated securities.

The list goes on.

Government and the experts it listens to are no less at risk of making errors than ordinary people. When government makes certain ?good things? a matter of policy, one mistake can have society-wide consequences. Governments are blind to individual circumstances.

The second meaning of the idea that the government doesn?t know what?s good for us is that there is no objective standard of what is good for us.

Some of us choose to act in ways that other people regard as being very silly. Some of us like to smoke, because we judge the pleasure we take from smoking to outweigh the costs of doing so. Some of us may not care about the down-sides as much as others do ? hence, some people smoke, and others do not.

Many fat people do not care that they?re fat, especially when it comes as a consequence of being able to enjoy their favourite foods whenever they want. Like beauty, what I find pleasurable may be repugnant to you. What?s fun is subjective.

It hardly needs to be said that ?living longer? is just one criterion of many that people value. When we try to nudge people into behaving in certain ways, we necessarily try to define other people?s idea of a good time.

So we are pushed into drinking less, eating better, cycling everywhere and giving up smoking altogether. Wholesome activities are promoted. Healthy sports are encouraged, promiscuous sex and watching pornography are discouraged.

Why? What is the objective standard by which these things are deemed good and bad? There isn?t one. Or, rather, the standard is the policy-makers' own preferences. Any nudge will end up being a promotion of policy-makers' preferences onto other people. In a word: paternalism.

Nobody other than ourselves can know exactly how much pleasure we take from doing something. This is, fundamentally, the problem with all paternalism, including nudging.

Nudging is just a new term for the old idea that our rulers know what?s good for us. The chief argument for libertarianism is not that people are wealth-maximising machines. It is that nobody knows better than I do what makes me happy.

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