In two food commons at San Diego State University when you enter the line for the register you are met by baskets of fresh fruit. Close to the line for the register there are baskets of pastries. But the line where all people must go begins with baskets of fresh fruit. When you get to the cashier there are very small pieces of candy for sale. There are bags of candy for sale but they are below eye level, and to get them you would have to bend down. I have never seen one person bend down for a bag of candy. It didn’t occur to me until I read Sunstein’s book that the SDSU administration was nudging everyone to eat healthier. This is a good nudge. I will explain below.

I was at Duke University to watch a basketball game at Cameron Indoor Arena. It was on my bucket list. I had lunch on campus. At the register I asked about buying a soda with lunch. The student worker said that they don’t sell soda anywhere in the building. When I asked why, he told me, with his own bewildered look on his face, that “apparently soda contains some ingredients which are not good for you”. But, he said, we have flavored Italian water for sale. This is not a nudge, it is a (private sector) mandate. However, when you enter Cameron Indoor there is a large refreshment stand where you can buy popcorn, peanuts, hot dogs, and all the (unhealthy) soda your heart desires.

I received a text message from Affordable Care California. “Save hundreds on your health insurance plan. Ask about short term insurance. Call 256-369-4548 for more information today! Txt STOP to OptOut”. (1) I never contacted Affordable Care California. (2) I don’t need more health insurance. (3) I don’t want whatever they are selling. (4) Despite this I have to type a word so as not to be enrolled in something I neither inquired about, need nor want!

A nudge, in Yiddish is noddge, or noadedj, meaning a pest or a bore.

In Sunstein, a nudge means influence, which we receive daily from every direction –family, friends, organizations, governments, and everything else. Noodges are bad nudges, as will be explained below. Nudges are “everywhere dense”, hence avoiding them or eliminating them is impossible. One of the main arguments made throughout the book is that we need good nudges. He explains the four criteria of a good nudge in Chapter 4. Good nudges enhance human welfare, both private and social. Second, they promote autonomy, that people, within certain limits, be able to make their own choices. In Chapter 1 Sunstein says that nudges are “interventions that maintain people’s freedom of choice” (p. 5), and choice architecture is “the background conditions for people’s choices” (p. 5). Third, they uphold human dignity by treating adults as adults and avoid humiliating people. Fourth, they are consistent with self-government, meaning that people control their leaders and not vice-versa.

The ideas about freedom of choice and self-government are bolstered by reference to Frederick Hayek. Sunstein speaks about Hayek’s theory of knowledge, and includes what is an important point in the book. “Hayek’s remarkable suggestion that ‘the awareness of our irremediable ignorance of most of what is known to somebody [who is a planner] is the chief basis of the argument for liberty’” (p. 57). In many
places in the book Sunstein makes it clear that good nudges are created with the preferences of citizens in mind rather than the preferences of planners. A problem, as he sees it, is that government planners often do not know as much as they think they do. The resulting nudges created by planners do not satisfy the criteria for good nudges. One reason why Sunstein is not a big fan of mandates is because the planners often know less than would be required to create effective mandates, and this excludes a “one size fits all” mandate.

Sunstein knows how to parse a sentence. He distinguishes sets of circumstances which are only marginally different. One set of circumstances requires one type of nudge, another set requires a different type of nudge. One set makes the nudge effective, the other marginally different set makes it ineffective. Chapter 5, “Fifty Shades of Manipulation”, gives many examples of this. Manipulation, which comes in degrees, “does not sufficiently engage or appeal to their capacity for reflection and deliberation” (p. 82). Is subliminal advertising manipulation; what about warnings, and reminders? How does manipulation affect autonomy, dignity, welfare under different circumstances? How does manipulation interact with Systems 1 (intuition) and System 2 (logical thinking)? What about when people agree to be manipulated. Is that manipulation? What about when manipulation is democratically authorized? And how are welfare, autonomy, and dignity affected by each of the above? It is best not to read this book when you are tired!

The first five chapters deal with the subject in an abstract manner. Chapters 6 and 7 are more empirical and less abstract. Chapter 6 provides evidence of people’s acceptance of different nudges in several countries. Chapter 7 focuses on the environment: “Green by Default?” I found chapters 6 and 7 the easiest chapters to read. Sunstein repeats himself a lot in the sense of discussing the same topics, e.g., welfare, autonomy, dignity, self-government, in different contexts. He uses the metaphor of a nudge being like a GPS (Global Positioning System) in many places. The same is true of nudges and inertia, procrastination, inattention, and; System 1 and System 2. In places the text reads as if it is a set of lecture notes, or an actual lecture. These are not a large problem in the context of the book.

The book raises more questions than it answers. Sunstein doesn’t seem to intend to offer a lot of answers. He offers a list of important factors determining the effectiveness of nudges, and how these factors interact. Because he is very good at ‘splitting hairs’ the text is at times terse. However, the book is a catalog for future research, including many Ph.D. dissertations. One final comment. “Old” behavioral economists who began their study reading economists such as George Katona, Harvey Leibenstein, Herbert Simon, to mention only three, are sometimes cautious about the “younger” behavioral economists, those who adopted the vision of Kahneman and Tversky, and others. This is not the place to go into the details of the “intergenerational” differences. This is the place to say that Sunstein is not part of this intergenerational difference.