



Nudge: Improving Decisions About Health, Wealth, and Happiness

Richard H. Thaler , Cass R. Sunstein

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Every day, we make decisions on topics ranging from personal investments to schools for our children to the meals we eat to the causes we champion. Unfortunately, we often choose poorly. The reason, the authors explain, is that, being human, we all are susceptible to various biases that can lead us to blunder. Our mistakes make us poorer and less healthy; we often make bad decisions involving education, personal finance, health care, mortgages and credit cards, the family, and even the planet itself.

Thaler and Sunstein invite us to enter an alternative world, one that takes our humanness as a given. They show that by knowing how people think, we can design choice environments that make it easier for people to choose what is best for themselves, their families, and their society. Using colorful examples from the most important aspects of life, Thaler and Sunstein demonstrate how thoughtful “choice architecture” can be established to nudge us in beneficial directions without restricting freedom of choice. *Nudge* offers a unique new take—from neither the left nor the right—on many hot-button issues, for individuals and governments alike. This is one of the most engaging and provocative books to come along in many years.

Nudge: Improving Decisions About Health, Wealth, and Happiness Details

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From Reader Review **Nudge: Improving Decisions About Health, Wealth, and Happiness** for online ebook

Nicole Harkin says

Who couldn't use a little help accomplishing a pesky goal every now and again? I know I need help sometimes to get going on a story or making it to the gym. *Nudge*, by Richard Thaler and Cass Sunstein (of the University of Chicago) wrote the book as a manifesto to "improve decisions about health, wealth, and happiness." Seeking to foster what they call a new movement of "libertarian paternalism," the idea of the book melds individual freedom with the promotion by government of socially optimal decisions, so that the citizen and the society both benefit.

If this sounds a bit different from the University of Chicago's reputation as a libertarian, free-market school, the authors have no trouble admitting their lone-wolf status in the Economics department. According to them, because the people are only "nudged" into making better choices, their personal liberty (a paramount concern for economists) is preserved. The authors apply the Nudge model to a host of complex and seemingly intractable issues like Social Security, prescription drug coverage, and preserving the environment. For each issue, an alternative solution is explored and the reader is given a glimpse of what life would be like if only we could be nudged into doing the right thing.

For example, how to get American workers to save more for retirement? Forget the intricate discussions on how people understand their disposable income or how America's retirement system allocates costs to take care of the elderly; *Nudge* would simply make retirement savings automatic, and forces people to opt out of the plans. Presumably, those too lazy to save (note the assumption) now would be too lazy to opt-out under the Nudge system.

The authors also show how people can use the Nudge model in their own lives. My personal favorite is their advocacy of the website stickk.com. It allows people to effectively nudge themselves. Say you want to lose 10 pounds and you think it will take a month to do so. Well, you go to [stickk](http://stickk.com), sign-up for free, and set up your nudge. To motivate yourself, you offer to pay a friend of yours \$10 every week that you don't hit your weight loss goal. After setting up a profile and putting \$40 in your *Stickk* account, you weigh in once a week. If you make your goal, you get \$10. If not, your friend gets a nice gift. Naturally, there are many permutations of this nudge. The key is making the nudge hurt enough so you feel beholden to it.

A quick read, the book offers some new and innovative ways at looking at public policy problems. Take this as your nudge to check it out from your library.

Malcolm says

This comes with a whole bunch of big name endorsements – the physicist Brian Appleyard, Stephen Leavitt (of *Freakonomics* fame) and we're told by the end of Introduction that it is making an impact with Obama and Cameron and so having a policy impact in both the UK and USA. What is more, it is now marketed as a 'new international edition'. As I ploughed my way through this I kept thinking of a comment by the great photographer Eve Arnold to the effect (and with a few more expletives) that she was not the genius many proclaimed, it was just that everyone else was so mediocre: the praise singers do themselves no favour by shouting about the marvel that this book is.

It has one central idea, grounded in social psychology, that with careful thought and planning people can be encouraged to ‘freely chose’ things that are good for them, with the corollary that too much choice or unclear choices will lead to many/most people making bad choices. So far, so good – and the first part (about ?) of the book does a pretty good job of explaining some interesting (but not that complex) social psychology. Alas, then the ‘new international edition’ goes off track in that, aside from a brief postscript considering some issues about the circumstances of the 2008 financial crisis, the vast majority of the examples under discussion rely on a some pretty detailed explorations of US-based material – which is a perverse understanding of ‘international’ – made all the more frustrating by Thaler & Sunstein’s jokey, blokey little self-referential asides.

Leaving aside the difficulties of behavioural economics – the first major problem with the book, though, is what is not in it and as a consequence what it is able to be used for. There is little doubt that ‘nudging’ is a good thing – we know that we are more likely to continue with decisions when we feel like we have chosen freely (the psychologists call this compliance, and it is a big thing in theories of behaviour change). The big issue for me is not how to ‘nudge well’ – but the direction in which we nudge, and so far it looks to me that the policy applications of this idea have in many cases been little more than a cover for increased privatisation, for a removal of services and social support networks and to generally undermine the social world that many of us rely on to survive.

There is a further and key deficiency related to this bigger picture of what the ‘nudges’ are used for, and that is its failure to explore the broader socio-political question of who gets to nudge us – or in their jargon, who gets to be a ‘choice architect’. For a book that has as one of its areas of application politics they seem remarkably unaware of or, more likely, are extremely good at obfuscating a key dynamic of politics – power – while at the same time having constructed a text that is all about making sure that those of us who are subject to various forms of political power (be it about health care plans, buying gas, donating organs or managing our pension funds) do what the wielders of power want us to do. Their notion of ‘libertarian paternalism’ (in many ways an oxymoron but I’ll cut them some slack because they are, after all, economists applying psychology to broader social contexts so have to grapple with two discipline areas that claim to be ‘sciences’ in an effort to assert their credibility) seems to be a synonym for ‘soft power’, so beloved of contemporary liberal imperialists. They set up two ideal type figures – Econs and Humans – and then build a text around a series of methods that enhance the likelihood that (irrational) Humans will make better decisions, where better is defined by what the (rational) Econs would do. In short, hidden within all the popularising language, this is text that is designed to promote ways to make us more like the Rational Economic Man so beloved of neo-classical economics. It is not that they want us to become more powerful people or to gain a greater degree of autonomy and control over our own lives, it is that they want to make us more compliant by making the decisions others want us to make.

So, my problem is two-fold. First, this is a book that is dangerous because it focuses only on the means and not the ends, in that the ends that seem to be taken-for-granted are those that are defined by a model and theory of economics that lies at the heart of the current crisis. Second, even if I accept that model and its theories (which I don’t) it is not that this book is wrong, just that it is disappointing. Now I admit that this may be a characteristic of these popular ‘academic’ titles and if I read more of them I’d be less disappointed – but as I continued through this I felt more and more like Eve Arnold; wearied by the mediocrity of others. I get enough of that in my own writing.

Siah says

This is an excellent book if you go into it with a little bit of an open mind. It will challenge many of your fundamental beliefs and principles. And while it might have not changed my core beliefs about supporting quality public education and gay marriage, it still provided a very solid argument to understand the opposing views. I believe everyone will find something on which to be challenged and at times offended. That will apply more so to the liberals than the conservatives. There were a few sections that I found not only disagreeable but quite honestly repulsive and wrong. There is in particular one section. In that, the authors propose an idea for engineering a society that can both allow gay marriage but also allow for a literal interpretation of religious texts. Their solution is to not call the union a marriage anymore. They argue that on every legal document such union should be referred to as a civil union. If you believe in equality for all people, you will on principle disagree with this section. But it shouldn't stop you from enjoying the rest of the material.

The two authors introduce a few interesting concepts. A “nudge” is a small behavior trigger that encourages humans to make a more correct decision. A nudge can be as simple as placing a fly sticker in a urinal so men aim for that to reduce spill. The authors also talk about humans vs econs. An econ is the perfect human if humans could always make rational choices. A human on the other hand, is irrational, arrogant, forgetful and in most cases uninformed. But the human in their view is manipulable. So they argue that a nudge can guide a human to make the rational choice. To make this idea palatable to the conservatives, they introduce the concept of libertarian paternalism. Which they argue means allowing for freedom of choice and personal rights while nudging the uninformed, the non econ, the human, to the right direction. A nudge can be as simple as placing that fly sticker in the urinal, or selecting a good default plan for people's retirement accounts. But a nudge can also be as grandiose as not allowing people to enter a marriage without a prenuptial agreement. Depending on where you are on the “Free to Choose” scale your blood might be boiling at this point but again keep an open mind and continue reading the book. You will be challenged but you will learn too.

The book is dense and you need a lot of will power and mental stamina to get through it. Each section has at least one anecdote to surprise you, perhaps we can call them “huh inspiring”. And this book is full of huh inspiring sections. That for me was very enjoyable. As for the format, the book is what you would expect when an economist and a lawyer collaborate. It is long, detailed and at times reads like a rental lease agreement. What I am saying is that this can be like a textbook but stay strong and positive.

The book eases you into the theory of nudging. It starts by providing interesting examples of nudges in everyday life. These chapters might be very applicable for those who design products or architect a service. The middle sections is solely dedicated to personal finance. There is a lot to learn there for every adult. The final section is mostly about applying the nudge theory to a larger society. This part was in fact the most memorable part for me and the most unsettling. That said, I found all of the presented arguments to be very well crafted and thought through. In fact, as a thought exercise I tried to come up with better proposal but at the end I almost always ended up agreeing with what they presented. Richard Thaler is a Noble laureate and a former adviser to Barak Obama but he has also worked in republican think tanks so what you get here reads more like a policy mandate than a book but it should not stop you from enjoying the ocean of ideas in there.

David says

This is a terrific book. The authors cover terrain which has been explored recently in a whole slew of books: loosely speaking, why we humans persistently engage in behavior patterns which do not benefit us in the

long term. Their own research, at the University of Chicago, builds upon the work of Tversky and Kahneman in behavioral economics (very much in vogue this past few years).

In the book, they provide a funny, engaging, remarkably clear exposition of the various factors which lead us to make poor decisions. This alone would make it worth reading. What makes this book stand out though is that they actually suggest *remedies* that might help us save ourselves from our own flawed gut instincts.

da AL says

The book has some value, but the title led me to pick it up under the belief that it might help me to understand myself better and learn better ways to navigate my choices. It turned out to be more of a laundry list of examples how businesses try to manipulate us, a list that was nudged into book-length...

Anya Weber says

I don't understand why this is a runaway bestseller--it's just not that enthralling. I've been reading lots of books lately about behavioral psychology and economics: why people make the decisions we do, economically and in other life areas. But Predictably Irrational and Made to Stick both explore these questions in a much more engaging way.

"Nudge" is mostly concerned with how companies and governments can practice what the authors term "libertarian paternalism"--gently, noncoercively pushing people toward doing something that they really want to do. For example, a company might, by default, enroll new employees in a 401K plan and put a certain salary percentage into that plan. The employees can opt out or change their contribution amount at any time, but by enrolling everyone by default, the company does an end run around its workers' natural procrastination tendencies, *without* forcing them into anything.

Another use of "nudging," this one on the state level, might be to require that everyone signing up for a driver's license check a box saying either "Yes, I want to be an organ donor" or "No, I don't wish to be an organ donor." Or, a state could change its laws so that people are, by default, assumed to be willing donors *unless* they say they don't want to. This would greatly increase the number of organs available for emergency transplants.

So, interesting stuff--but not enough to fuel an entire book. I wound up skimming quite a bit, and while some of the anecdotes are funny and interesting, many of the writers' proposals are dry unless you happen to be fascinated by the particular social or economic issue they're addressing. It's worth picking "Nudge" up to see if it grabs you; just don't be surprised if it lets go about 100 pages in.

Chris says

I second-guessed my purchase of Richard Thaler and Cass Sunstein's Nudge: Improving Decisions About Health, Wealth, and Happiness, almost the minute I received my Amazon e-mail receipt -- I had already read Malcom Gladwell's Blink, and heard about the literary disaster that is Sway, and yet there I was, reading Nudge's introduction about the arrangement of cafeteria food.

I'm glad I did. While Thaler and Sunstein are happy to revel in the small ways that their insights into "choice architecture" can lead to better or worse choices, they also lay out their political principles and detail their impact on current policy debates (e.g., Social Security, Medicare Part D, Education.) To top it all off, they begin the book with a treatment of our cognitive failings, distinguishing between our automatic and reflective processing systems (what's not to love!), leading right into their arguments for how to help the automatic majority overcome their cognitive frailty without infringing the reflective minority's ability to choose.

So what is choice architecture? Well, are you choosing out of ten choices, or 100? Are you automatically enrolled in one choice or another if you don't make an active decision? How is that default set? How is information presented to you about the available choices? All of these questions speak to choice architecture -- in other words, the arrangement and organization of choices -- which has a nasty habit of leading individuals to choices that they themselves would not find optimal (see don't be a bob, the mind and morality).

Furthermore, "choice architecture, both good and bad, is pervasive and unavoidable." This point is essential to Thaler and Sunstein's argument if you are a libertarian. Ignoring choice architecture won't make it go away, it will only make it more likely that the choices favored by choice architecture are more likely to be poor. For instance, you can make the default option for new employees enrolled at 5% in a 401(k) with an option to opt-out, or you can make the default option to not be enrolled (as is often the case). If you stick with the current default, many who would otherwise enjoy being enrolled will not do so because of the choice architecture. Thaler and Sunstein recommend acknowledging the importance of choice architecture and deliberately deciding on its design.

Thaler and Sunstein aren't interested in helping individuals pick out their dry cleaners; as the authors note, if a dry cleaner performs poorly, it is fairly easy for individuals to make a better decision the next time.

Rather, "people are most likely to need nudges for decision that are difficult, complex, and infrequent, and when they have poor feedback and few opportunities for learning."

Individuals are primed to make poor choices for Medicare Part D, Mortgages, and retirement investments. Thaler and Sunstein don't advocate for eliminating choices because of these problems. On the contrary, their final chapter points to the infamous "third way" -- separate from both the command-and-control left and the single-minded 'choice' monkeys of the libertarian right.

There needn't be a war between 'no choice' and 'unlimited choice.' Thaler and Sunstein spend around 250 pages explaining that this is indeed a false choice. Like myself, they side with the libertarians when it comes to the importance of choice, and side with the left when it comes to the failure of 'choice' to solve all problems. Choice is important. Coercion isn't necessary. Focus on the choice architecture.

Oh, and I have to add. As someone who has long supported responding to the gay marriage debate by taking government out of the marriage business (perhaps keeping a civil union or partnership business) and leaving it to independent churches, I was very happy to see Thaler and Sunstein put forth such an argument in Nudge.

Whether you are on the left or right, worth a read! (Taken from my post)

Femina Ernest says

Nudge - A Catalyst to change human routine Blunders. Thaler and Sunstein invite us to experience a new world like a Harry Potter Movie. Instead of Magic, Here he guides us with "Choice Architecture" pattern, which can help us to decide better and proceed smarter. I can say it's a proactive book. I like Parts like Money, Freedom among I love Author's intelligent case studies and explanations of "Save More Tomorrow, Choice Architecture, Saving the planet etc". When he talks about Dozen Nudges, I love Automatic Tax Return, Quit Smoking without a patch, give more tomorrow, The Civility Check etc. Though I felt few concepts are all duplicated & explaining on and on and on, still I would recommend this book to all. To be genuine, I read this book twice. REALLY it's an interesting book to read, to link with our day to day life and to avoid our blunders in life at some extent. But, we know still it's unavoidable. We can try ;)

Viola says

As an economist, Nudge was a book that I desperately wanted to like. Unfortunately, I was disappointed. Perhaps my low rating of the book stems from my high expectations of a book co-authored by the well-regarded behavioral economist Richard Thaler. Without such expectations, my rating might have been higher. But at the same time, without such expectations, I might not have bothered to read the book at all.

The only interesting part of the book is the first part, which consists of the first five chapters. Here, the authors lay out the main premise of the book. The decisions humans make are affected by "nudges." Since nudges are not easy to define, they are best explained through examples. The clearest example of a nudge is a default. When you register online at a site, you are often asked, "Would you like to receive future emails?" By default this box could be either checked or not checked. The default matters; that is, different results emerge under different defaults. The main point of the book is that nudges matter and thus should be carefully designed.

The rest of the book presents a laundry list of policies to which we should apply this principle. For me, this got boring fast. For some reason, the authors seem to be obsessed with identifying every possible nudge and offering their nudge design suggestions. The end of the paperback version of the book became really ridiculous - a bonus chapter of twenty more nudges. I think that the hardcover version is saved from this madness, because the bonus chapter was added after the publication of the hardcover version.

Many may find Nudge overly political. The authors weigh in on what they believe to be good nudges on a large number of hot political issues such as Medicare and same-sex marriage. I personally didn't mind their political stances as much as I minded the lack of economics.

The book is also poorly written. I felt that the publishers gave the authors complete free reign since the authors were well-regarded academics, and obviously academics don't need editors. One problem with the writing was the lack of a targeted audience. The book is supposed to be targeted towards a mass audience; or at least, that is the target of the book's marketing efforts. It is not a textbook or standard teaching material targeted towards undergraduate economics majors. It is also not a serious academic discourse targeted towards other economists. And yet, although it's supposed to be targeted towards the layman, the writing is oftentimes confused about its audience. Additionally, I didn't care for the writing style. While I do enjoy a casual and conversational tone, this book suffered from unnecessary tangential remarks that detracted from the main point. All of the writing issues in this book could have been easily rectified with a good editor. I

don't fault the authors as much as I do the publishers for that oversight.

I weakly recommend Part I of Nudge to the intellectually curious layman. The rest of the book I recommend only to those want to read a laundry list of political suggestions.

Huda Yahya says

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Thomas Edmund says

It would be unfair to label Nudge as 'one of those pop-psychology books' as a. I frown on pop psychology and rate Nudge higher, and b. I'm trying not to generalise.

What I'm trying to say is Nudge fits into the same category as other insightful books such as Gladwell's Blink, or the recent Redirect

[[ASIN:0316010669 Blink: The Power of Thinking Without Thinking]]

[[ASIN:0316051888 Redirect: The Surprising New Science of Psychological Change]]

Beginning with a non-partisan disclaimer Nudge explores the concept of choice architecture: essentially controlling the environment in which people make choices to encourage well-being without directly controlling peoples choice.

Like most insightful type books, Nudge occasionally errs from actually discussing Nudge's and becoming the author's expression of 'how things should be in the world' but is an enjoyable and balanced read nonetheless.

Highlights include The author's discussion of the affects of medical liability insurance, and the privatisation of marriage, but issues from environmentalism and eating peanuts at a party are also included.

Much recommended for anyone wanting to think about politics and interventions a little differently.

Orton Family Foundation says

If you're like most Americans, chances are you made a New Year's resolution to hit the gym, lay off the smokes or eat more green vegetables. And again, if you're anything like most Americans, chances are you and your resolution parted ways sometime around Valentine's Day. Take heart: you're not alone, and it's not

that you actually want to spend more hours watching sitcom reruns—you just need a nudge.

Most humans are remarkably bad at making choices in their own best interest. We make predictable and systematic mistakes in reasoning, and we let them guide our choices. We rely too much on gut reactions and not enough on conscious thought. We use rules of thumb to make guesses when we don't have much to base them on. We are overly influenced by events that are recent or close to us. We are reluctant to make choices that others can make for us. And we are unfailingly, unrealistically optimistic about outcomes.

It's no big deal if we pick the wrong tie or breakfast cereal, but there are major consequences when thinking errors influence how much energy we use, how we interact with our neighbors, whether we vote, how we take care of our health, and what we want for our communities. Richard Thaler and Cass Sunstein, two University of Chicago economists, believe that we can vastly improve the quality of decision-making by understanding where people typically go wrong and by using "nudges" to help people make choices that are truly in their best interest.

In *Nudge: Improving Decisions About Health, Wealth, and Happiness* (Yale University Press, 2008), Thaler and Sunstein suggest that "people make good choices in contexts where they have experience, good information, and prompt feedback—say, choosing among ice cream flavors." Conversely, people make bad choices when they don't have much experience and when feedback and consequences are delayed or indiscernible. Unfortunately, decisions in our personal lives and in our communities often fall into the latter category. Most people can't picture how a big box store zoning decision will change the way their neighborhood looks or feels, or how expanding a 2-lane road into a 4-lane one might impact their lives in 20 years. When faced with complex decisions like those, most citizens accept the default option: vote with their guts or don't vote at all.

Thaler and Sunstein's solution to our shortcomings in logic is to help people to make smarter decisions without forcing their choices. Nudge is directed toward "choice architects"—those people who have "the responsibility for organizing the context in which people make decisions." Choice architecture is at play in everything from the design of election ballots to placement of stop signs, structuring of payroll and benefits options to setting up chairs for a community meeting. By consciously designing how information and options are presented, we can encourage people to make the decisions they would rationally make if they had complete information and perfect reasoning abilities.

According to Thaler and Sunstein, a nudge "alters people's behavior in a predictable way without forbidding any options" or drastically changing their incentives (i.e. through payments or fees). Putting fruit at eye level in a cafeteria counts as a nudge; banning junk food does not. Telling people what they'd save through energy conservation is a nudge; paying them to conserve is not.

The book is full of nudges from various fields—economics, healthcare, education, environment—nearly all of which have lessons for improving citizen engagement and community decisions. A few key nudges can be easily applied to communities and planning:

- * **Priming.** Small reminders and features of our surroundings can have massive effects. One study found that it's possible to increase the probability of voting by 25% simply by asking registered voters the day before an election whether or not they plan to vote. Perceptions and decisions can be influenced by things as simple as refreshments: people served hot coffee at a meeting have been shown to cooperate better than those served iced coffee.

- * **Norms.** Most people are influenced by peers, but are more likely to change if they are reminded of an

accepted norm than a problem behavior. Colleges have found that it's easier to reduce binge-drinking by highlighting that a majority of students does not drink excessively than by focusing on the problematic minority that does. A town could more effectively increase voter turnout by publicizing the fact that 60% of residents do vote, but we more often hear about the 40% that do not.

* Feedback. It's hard to make a decision when you don't know how you measure up to your neighbors. A California utility company gave customers feedback by printing neighborhood comparisons on energy bills, along with a "smiley face" for bills with relatively low energy usage and a frown for those with high usage. The simple nudge was enough to ensure that high usage went down, without driving low usage up.

* Risk-aversion and framing. People are naturally risk-averse, so they are more responsive to the possibility of losing money than gaining the same amount. People are more likely to take action if they are told it will cost \$350 if they don't conserve energy, than if they are told they will save \$350 if they do conserve. A community could expect a similar response when framing a ballot measure about municipal cost-cutting.

* Self-control. Most of us struggle with motivation and self-control, but there are ways to help people with commitments and consequences. Several new websites help individuals set a goal (losing 10 pounds, attending three public meetings, saving \$1,000) and back it by putting up money or agreeing to another consequence. If the individual succeeds, he gets his money back. If he fails, it goes to charity or—even better—to an opposing political party or archrival baseball team.

Nudges aren't foolproof, and detractors have plenty to say as well. Some see a fine line between nudging and an Orwellian world of pressing, cajoling, shoving and intimidating. Others argue that evil nudgers can co-opt nudges for their own sinister purposes. Still others claim that people should have the right to make their own decisions—even when they're flat out wrong. Thaler and Sunstein address most of those objections through "libertarian paternalism," a paradigm that emphasizes using nudges to make people's lives better while still ensuring that people are not forced into choices. Regardless of one's philosophy, Thaler and Sunstein point out that intentional and unintentional nudges are pervasive and inevitable. You've been nudged before and you'll be nudged again, so you might as well keep on nudging, and try to do so in a positive direction.

There are plenty of ways for citizens and communities to do just that. Challenge yourself and your neighbors to commit to public participation, and put up some money to prove it. Publicly reward people who participate and contribute to the community. And next time you're organizing a contentious meeting, be sure the coffee is hot.

Read more reviews by the Orton Family Foundation in our Scenarios e-journal at <http://www.orton.org/resources/public....>

-Rebecca Sanborn Stone

David says

I was pleasantly surprised by this book. It starts out like many other pop psychology books, describing an array of psychology experiments that are so often in the literature. But, at some point in the book, the story takes a turn into a direction that few other books seem to touch. Nudge is really about the small, subtle pushes that our modern-day world makes to sway one's opinion or real-world choices.

The book devotes a separate chapter to each of several real-world scenarios. When a company gives employees a choice among investment plans, how should the be described? Should there be a default plan such that, if no explicit choice is made, gets chosen automatically? What about health plans--they are very complex, and is there one that is best for everyone? (Probably not.) Then there are mortgage plans, organ donation, college funds, and on and on.

People are often lazy, and they make a choice once and then forget about it. But, should a company or a government give a subtle nudge by intelligently designing a form, an intelligent default, and so on? Or should the choice be left 100% to the customer?

The authors of this book argue that libertarian paternalism may be the answer. Give people the full cast of choices, and give people the freedom to make the wrong choices. But, also give people a default choice that may be better than most of the choices.

Some choices are fixable. If you take your clothes to a dry cleaning establishment and they do a poor job, then the next time it is easily correctable; in the future just take your clothes somewhere else. But other choices are not correctable. How many chances do you have in choosing a spouse? While in theory it is a correctable choice, it is not one that my people make over and over again. And, by the way, why should the government have any say at all about marriages? If there are any government benefits to marriage, say taxes, laws, etc., why not distribute those benefits to everyone? The authors argue that there is not reason for the government to be in the marriage business at all.

This book is a quick and easy read. I recommend it to people who are trying to formulate policies and even to those who are designing forms for public use.

Jeremy Kauffman says

This is not a well-written book. The writing is prosaic. The pacing is meh. You will almost certainly have no trouble putting it down. It is, however, a book almost everyone should read - especially politicians, technocrats, and others in positions of public policy.

Sunstein and Thaler argue that dramatic changes in human behavior can be effected through sensible changes in "choice architecture". Choice architecture is the orchestration of options. It can range from how choices are presented (make the broccoli easy to reach and in sight, but put the double fudge cake on the bottom shelf), to default options (make retirement plans opt-out, rather than opt-in), to a wide variety of other "nudges".

Nudge presents a copious amounts of data from psychology and behavioral economics. It supplements these with examples of successful and unsuccessful choice architecture. Only the most obstinate and orthodox could read this book and not come away convinced that subtle, inexpensive reforms are capable of achieving dramatic, positive changes.

Perhaps the most exciting thing about *Nudge* is that the reforms it proffers are bipartisan. Give people more information about the choices they make? Set defaults that are the best for everyone? Give people feedback about how efficient and effective their decisions are? The only people who can be against these ideas are those with a vested interests in an ignorant or otherwise misled populace.

The only question I'm left asking is: why aren't more of these changes happening?

Dem says

December bookclub read for my sit in bookclub and when I checked in my book shop for this Book and was directed to the ECONOMICS/BUSINESS section I did quite a bit of eye rolling, I had automatically decided I wasn't going to like this book and as christmas reading goes this was going to be a taxing read. But I was pleasantly surprised at how readable and relatable the book was and how our decision making can be influenced by Nudges of all kinds and how society reacts to Nudges.

Only 3 out 10 people in the group finished the book and yet the discussion created was lively and interesting with everyone participating and having an opinion.

Not one I would be recommending but certainly a book that has food for thought.

Loy Machedo says

Loy Machedo's Book Review – Nudge by Richard H. Thaler and Cass R. Sunstein

I love reading book.

Books on Thought-Provoking, Critical-Thinking, Cognitive Science, Business, Biographies, Self-Improvement and so on. But the most important characteristic I admire and love about a book, is its ability to make something simple and understandable.

Nudge is one book that fails to qualify the last criteria.

I presumed that this book was in relation to how we think, how the mind works and connect that to either the economy or money - More like Steven D. Levitt's Freakonomics or Malcolm Gladwell's The Tipping Point or the Outliners. However, this book turned out to be a blue-print that most probably only someone from United States would relate to – as most of the content in between was all about 401K's, Taxes and other stuff that I don't find appealing at all.

Now, these are what I felt the authors tried to do:

- 1) Cover a lot of ground without being deep.
- 2) Cherry Picked popular points of Psychology and Influence which have been covered by other authors and streamline them into this book (the smiley face technique, public statement on losing weight, the paradox of choice, peoples inability to explain why they do what they do etc.)
- 3) And then bring in taxes, organ donation, medical insurance plans (that was never ending), privatizing marriages, political decisions, social security and its benefits, libertarian paternalism – and well the list goes on.

By the time I reached the book half way, from loving the book, I began hating the book. I honestly could not bear to read it. And then I struggled to complete it. Predominately, it was the Political theories they had in place that totally put me off. I mean why can't you stick to either a) Politics or b) How the Mind works?

Personally, I feel the authors tried to replicate and combine a style of what Freakonomics (Dubner and Levitt), Predictably Irrational (Dan Ariely), Influence (Robert Cialdini) and Tipping Point (Malcolm Gladwell) all have done and ended up messing up a good book.

Overall Summary

A confusing book that miscommunicates to the read what the book is about. The Authors tried to be everything to everyone and ended up being nothing to no one. In my opinion, I feel there are two books here and the Authors need to divide these two books, make them two separate titles and sell them to two different audience groups. Otherwise, they will end up having more people give negative feedback to this book than positive.

Overall Ratings

0 out of 10

That was my opinion and feel for this book as I found nothing of value that I could use or didn't know off from other authors.

Lobstergirl says

Libertarians are always annoying, and these two are no exception. Their particular brand of libertarianism they call "libertarian paternalism" and it involves the idea of "nudges," which are things/designs/incentives that push people toward "better" options. "Better" options would include: choosing healthfullier food, not smoking, not driving drunk, enrolling in your company 401(k) plan vs. not enrolling, lessening your factory's carbon emissions. An example of libertarian paternalism of which they approve is requiring fast food restaurants to list calorie counts. More information to help you decide what to eat is good, they think, but banning high calorie menu items outright would constrict freedom, thus bad.

The way choices are presented to you is called "choice architecture." An example of poor choice architecture was George W. Bush's new entitlement for prescription drugs for seniors, Medicare Part D. There was an enormous number of plans, no good way to compare their various elements to see which plan would work best for you, and if you were unable to decide on a plan, one was selected at random for you. Not just seniors, but their doctors, pharmacists, and experts drafted by the authors found the "choice architecture" for Medicare Part D incredibly confusing, and picking out a plan took hours even for experts and economists.

(Another example of horrible choice architecture, or choice design, would be Palm Beach County, Florida's infamous butterfly ballot in the 2000 presidential election. Many voters couldn't tell which punch hole was designated for which candidate, and as a result voted for a candidate they had not intended to.)

The authors discuss nudges and choice architecture in the contexts of investing, health insurance, organ donation, school choice, privatizing marriage, and other areas. The most compelling chapter for me was on Medicare Part D, because I'm kind of a health insurance nerd. Weaker chapters were on school choice (the authors uncritically accept the notion that vouchers are good) and on medical malpractice insurance.

On the latter: they argue that the price of health insurance contains the cost of malpractice lawsuits, and

therefore if a buyer of health insurance could waive filing such suits, their health insurance premium would be cheaper, and doctors and hospitals would also be able to charge them less. They claim that malpractice lawsuits increase medical costs by 5 to 9 per cent. First, who knows if that hazy range of numbers is accurate. Although tort reform is of course lovingly put forward by Republicans every time the issue of healthcare costs arises, the consensus among non-Republicans is that malpractice litigation costs are a tiny percentage of overall costs and not worth addressing. What bugs me more about this chapter is that the authors never bother to ask, or to address: just because the cost of lawsuits might vanish from their bottom line, why do we automatically believe that doctors and hospitals would charge a patient less, rather than take the savings as increased profit? How would having two types of health insurance policies, one where you could sue your doctor and one where you couldn't, affect the doctors themselves? Would doctors take patients from each category, or would they restrict their practices only to patients who had agreed not to sue them? If the former, would they charge different prices to the patients according to whether or not they might sue? In other words, this is interesting theoretically, but how would it work in practice? The authors don't care, because they are mostly interested in these clever theoretical notions.

The chapter on privatizing Social Security was another instance of mental masturbation. It looked at the system in Sweden, where accounts had been privatized, to see how the choice architecture had affected the way beneficiaries designed their investment plans. Yet the authors don't question whether privatizing Social Security is a good idea or a terrible idea (even though the paperback edition of the book went to press after the giant stock market crash of 2008-2009 and the book contains a postscript discussing some aspects of the crash that could have been avoided with proper nudges). They merely advise that although George W. Bush's yearning to privatize never went anywhere, "some version of this proposal is likely to be considered again before long". Well, the crash of 2008 killed all thoughts of Social Security privatization, at least until we become idiots again. Obviously, when countries and economies are run by idiots, all bets are off.

They wrap up the book with ideas presented to them, via their website, for other "nudges." The stupidest of these is trayless cafeterias (when people use trays, they tend to waste more food and napkins), which is a splendid idea for societies where people have four hands.

Trevor says

This one took me longer to read than is reasonable for a book of its length or the clear style it is written in. I mean, such a simply written text of 250 pages ought to have finished in no time. The problem was that I don't live in the US and so many of the examples made the book a struggle for me. All the same, there are ideas in this book that are important no matter where you live.

Don't you just love the internet? I wanted to start this paragraph with that quote by Göring, "when I hear the word culture I reach for my luger", but it turns out it is actually a quote from a play by Hanns Johst which is even better, "Whenever I hear of culture I release the safety on my Browning". I have much the same reaction when I hear the word choice. There is a false equality set up between freedom and choice. It is as if the two terms are identical. Since I've had to read through dozens of American examples in this book of why this identity may not always apply, I would like to give an Australian example to explain some of the key concepts of this book.

A couple of decades ago Australian workers went without a national pay increase and rather had this money directed into superannuation. Superannuation is essentially forced saving for retirement. Over the years this required percentage of an employee's wage dedicated to superannuation has increased so that today it stands

at 9%. Everyone knows that if people are to retire on anything like their current salary they need to put aside around 15% of their lifetime earnings. The gap between 9% and 15% is one that will be, for most people, borne by reduced living standards at the end of their lives.

The previous Australian Government decided that it would be a good idea to introduce 'choice' into the superannuation system. So whereas previously most people were corralled into mostly industry superannuation funds that were 'not for profit' (meaning they had low fees and profits went back into the fund), the new system opened up the superannuation business to private operators. People would now be able to 'choose' which fund to invest their money in. (Where did I put that Luger?)

The industry funds obviously didn't like this idea. But like choice, competition is always a good thing and can never be criticised, right? Well, it is not quite so easy. The problem is that the industry funds asked the previous government to structure the new system so that all funds would have to disclose all fees and charges associated with their products. This would clearly have favoured the industry funds – that often don't charge fees at all. The government refused to include this disclosure of information as a proviso in the legislation.

Of course, this made 'freedom of choice' a bit of a joke. You can't really have 'freedom' if your choice is also based on your being 'free' from vital information.

What made matters worse was that the 'financial planning' industry in Australia isn't as well regulated as it might be. Financial planners generally receive commissions from the financial institutions whose products they sell (oh, sorry, encourage you to take up). So, rather than providing you with a plan that is unequivocally in your best interests, the financial planner you are seeing may have (actually, will have) a strong motivation to provide you with information that is in their best financial interests, rather than yours.

Economists would say that despite all of the obvious problems with this new system of choice it is still better as people 'always act in their own best interests as rational economic agents' and more choice (even if some of those choices might be biased against people) is always better.

The writers of this book define themselves as Libertarian Paternalists. Essentially, they also believe that choices are good things – however, they acknowledge that choice alone isn't enough and that people aren't always economically rational entities.

One of the ideas I found most useful in this book is the idea of 'choice architecture'. They do not believe in taking choices away from people, but they recognise that being presented with a bewildering array of choices is often enough to stop people from making any choice at all. The book opens with a discussion of a school cafeteria and how you can affect the eating habits of kids simply by how you place the food on display. That is, putting healthier food at eye level, rather than fatty, sugary foods, will 'nudge' kids towards eating more healthy food. This is not a subtle change; this 'nudge' can drastically improve the eating choices made by the kids. The kids still have a choice to eat rubbish, but this simple change nudges them towards eating better.

The point is that you simply don't have the option to display the food in a 'non-nudge' way. You have to make some choice about how you are going to display the food – so doesn't it make sense to set up the display so that people are nudged towards eating well, rather than badly?

Choices don't occur in a vacuum and one of the lessons of this book is that if we are going to provide 'choices' we need to think about the consequences of the choice architecture we put in place in which those 'choices' are going to be made.

Another of those pieces of ‘choice architecture’ is going to depend on what is the default choice. This is because, people being people, many of us are going to get bored early on in the decision making process and just go for the default. Therefore, the default should be the choice that is most likely to meet the needs of those required to make the choice. There is a very disturbing discussion of the ‘Part D’ prescription drug coverage process in the US in which people who do not make what is an incredibly difficult choice are ‘randomly’ assigned to a range of default plans that takes the principle of government non-intervention to absurd extremes.

The other idea that is very strongly pushed in this book is that people are very much ‘loss averse’. This is an idea that has been in virtually every book I’ve read lately, but this book does more than most to explain the consequences of this aversion. Going back to our superannuation example, one of the reasons why people don’t increase their superannuation contributions – despite knowing that it would be good for them in the long term – is that it involves them in a perceived loss now. The authors discuss a way of encouraging higher contributions which they call the ‘pay more later’ plan. Essentially people are encouraged to commit to increasing their contributions at the time of their next pay increase. This way the increase in contributions does not feel like a loss and the authors show that this way of increasing contributions leads to higher contributions than virtually any other method.

I particularly liked their solution to the ‘gay marriage’ issue that is producing so much heat and so little light in society lately. Their answer is for the government to get out of the marriage business altogether. That the government should enable people to have their relationships recognised on the basis of it being a ‘civil union’ and that this be open to all couples, irrespective of their sex or the sex of their partner. This civil union would be the legal and social recognition of a couple’s partnership. Marriage then would be left up to religious bodies to worry about. If a particular church refuses to marry you because you want to marry someone they don’t think you should – well, find yourself another church – or even better yet, avoid churches altogether.

The last part of this book is a defence of the idea of nudges against radical free market types; the sorts of people who, like our previous government, think that choice is always good and ill-informed choice is even better. The idea that people might be nudged towards donating their organs after they’ve finished with them, nudged to eat better food or to get better health care cover or to slow down when approaching a dangerous intersection all just seem obviously good to me, so this part of the book was preaching to the converted.

But then, like Hegel, I don’t equate freedom with choice, but with needs and how we understand those needs. I think freedom has less to do with getting to choose and more to do with getting adequate information on the consequences of that choice. This book doesn’t go as far as I might along this path – but at least it recognises that we are human and that we often need help in making decisions that are in our own best interests.

...If it was up to me there would not only be no freedom of choice in superannuation, but superannuation would be a tax and would be run by the Australian Tax Office. But don’t get me started...

This would be an even more interesting book if you live in America, given the nature of the examples, but either way, this is still worth a look.

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Chad Warner says

This book opened my eyes to how humans make decisions, and how easily they can be influenced by their peers and by the way choices are presented to them. Through engaging research and entertaining anecdotes, it shows how to “architect” choices to nudge people towards certain decisions. The authors call this “libertarian paternalism”, because it uses incentives to motivate desired behavior rather than using command and control measures like laws and bans. I highly recommend this book for its practical insight into behavioral psychology and behavioral economics.

In an ideal world, people would have the time, knowledge, and motivation to make the perfect choices. In reality, humans are irrational, emotional, ignorant, apathetic, or downright lazy, so simply providing as many choices as possible rarely works. Libertarian paternalism strikes a balance between freedom of choice and incentivizing behavior.

I read this book because it was listed in .net Magazine’s The top 25 books for web designers and developers. I picked up a few ideas to use when creating websites for my web design business, OptimWise: use incentives to nudge users in certain directions, provide good default options, and gracefully handle user errors.

The authors explain that humans have “automatic” and “reactive” systems; the automatic system is the subconscious, emotional “gut instinct”, while the reactive system is the intellectual conscious. Nudges help the reactive system overpower the automatic system.

The authors use libertarian paternalism to advocate specific policies for public and private institutions, dealing with topics in personal finance (saving, retirement, debt, mortgages), health care, education, and politics. They also address the ethical issues of choice architecture.

I love personal finance, so I especially liked seeing how nudges can lead to better retirement saving and investing. The authors show how something as simple as automatic enrollment in retirement plans results in a significant increase in participation.

I liked the RECAP (Record, Evaluate, and Compare Alternative Prices) concept, which says vendors and service providers should give consumers a statement of the costs associated with different hypothetical patterns of service usage to help them make informed choices about things like electricity and gas consumption.

I liked the authors' idea that people should be able to waive the right to sue for medical malpractice, in exchange for lower medical costs. I'm not sure how I feel about their proposal to privatize marriage; they say this would give religious organizations the freedom to set rules about homosexuality, divorce, etc., while allowing the government to honor civil unions with benefits.

6 principles of good choice architecture

- iNcentives: motivate behavior with incentives
- Understand mappings: show the outcomes that will result from the choices
- Defaults: provide default options
- Give feedback: show people the effect their choices are having
- Expect error: make choices foolproof
- Structure complex choices: present complex choices in easily understood ways

Miscellaneous notes

- The more you ask for, the more you get.
 - People hate losses twice as much as they like gains.
 - People like to do what they believe most people think is right. They also like to do what most people actually do.
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