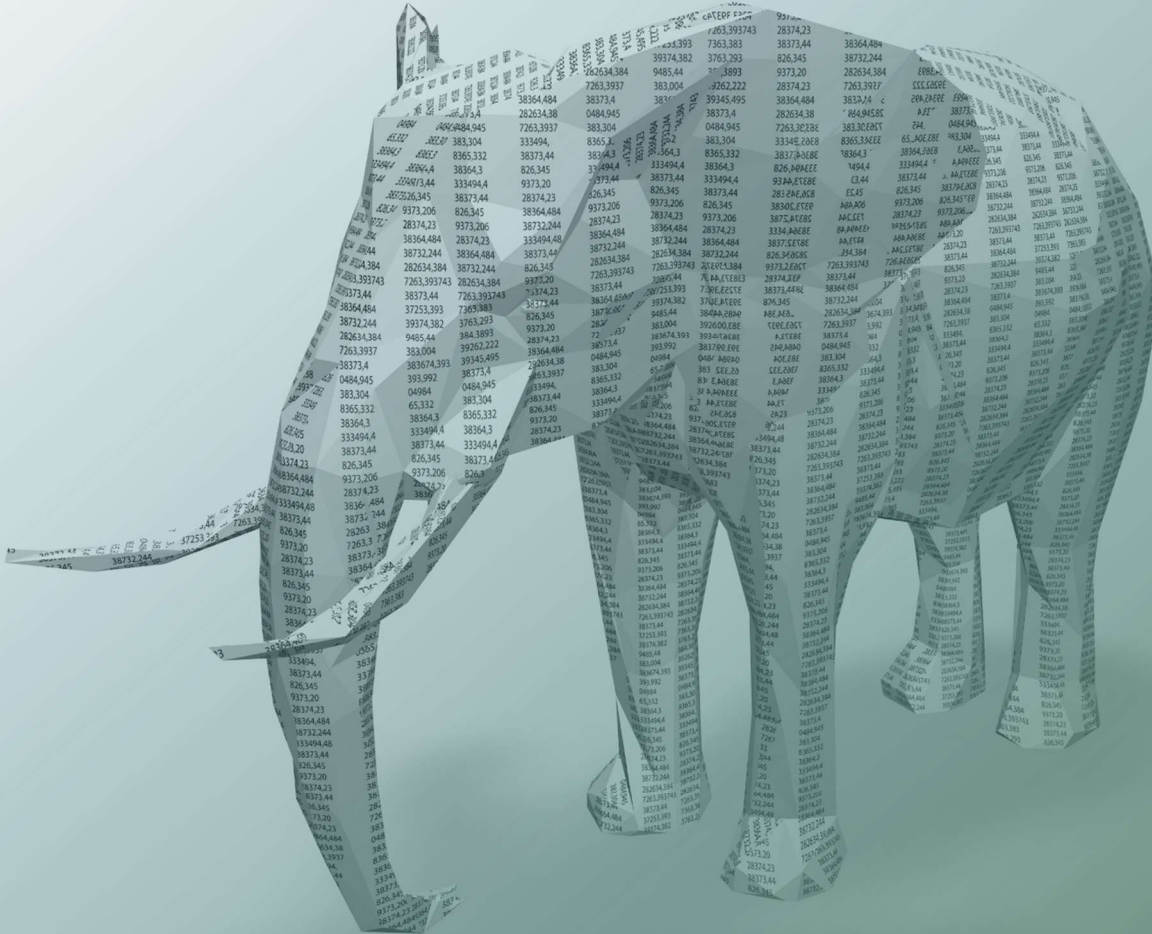




# EnvEcon

Decision Support



## Nudge FORGOOD

An ethics framework for behavioural policy design



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## REFERENCE

Lades, L. and Kelly, A. (2020), Nudge FORGOOD – An ethics framework for behavioural policy design, Dublin. EnvEcon

## INTRODUCTION<sup>i</sup>

Policies that aim to change behaviour rely more and more on insights from the behavioural sciences. Governments and other agents have begun to use behavioural insights to “nudge” people to make better choices.<sup>1</sup> Nudging has been used, for example, to encourage people to pay their taxes on time, to save more for retirement, and to act in environmentally-friendly ways. Nudges rely on findings from the psychological and behavioural sciences about how people interact with their environments when making decisions. Nudges change the decision-making context, or the *choice architecture* in order to influence on how people behave.

With the major uptake of nudging in many Governments worldwide, a literature about the ethics of nudging has emerged.<sup>2-4</sup> Sometimes in heated debates, ethical considerations are discussed that might make a nudge ethically acceptable or not. However, this debate is usually abstract and not easily accessible for nudge practitioners who actually use the insights in the real world to change people's behaviours. As a result, a systematic assessment of the ethics of nudging is often missing in practice.

In lack of ethical guidelines, nudge practitioners are sometimes asked to “nudge for good”. For example, whenever Richard Thaler, one of the authors of the book *Nudge*, is asked to autograph a copy of the book, he signs with “Nudge for Good”, which is meant as a plea rather than an expectation.<sup>5</sup> In a recent editorial, he added that we should “nudge, not sludge” and avoid nudging for evil, mucking things up, or making wise decision-making and prosocial activities more difficult.<sup>6</sup> However, the meaning of the phrase “nudge for good” may still not be obvious for all practitioners. The assessment of the ethics of a specific nudge thus often relies on the moral intuition of the practitioner. Many nudgers aim to nudge for good, but it is not straightforward for usually busy practitioners to identify and answer potentially complex ethical questions about whether a given nudge is ethically acceptable or not.

This is in stark contrast to how easy it has become to design effective nudge interventions relying on behavioural science frameworks such as *MINDSPACE* and *EAST* popularized by the UK Behavioural Insights Team.<sup>7,8</sup> These frameworks represent memorable mnemonics in which each letter refers to a behavioural science insight that nudgers can (and do) readily apply in their contexts. For example, the *M* in *MINDSPACE* refers to the importance of the *messenger* and the *E* in *EAST* reminds nudgers to make the wanted behaviour as *easy* as possible to engage in.

There is a need to make it easier for nudge practitioners to think about the ethical acceptability

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<sup>i</sup> This policy brief is an abridged version of the academic paper referenced as Lades, L., & Delaney, L. (2020). Nudge FORGOOD. *Behavioural Public*

*Policy*, 1-20. DOI: <https://doi.org/10.1017/bpp.2019.53>. Please cite this paper when referring to this work.

of their attempts to change behaviour. Hence, Lades and Delaney (2019) suggest using *FORGOOD*, an ethics framework that synthesizes the debate on the ethics of nudging in a new easy and memorable mnemonic. Table 1 provides a summary of this framework with the key dimensions in the first column and short summary questions relevant for each dimension in the second column. The framework's ultimate aim is to reduce the potential for mis-usage of behavioural science in applied policy settings. *FORGOOD* it is a tool that suggests considering seven core ethical dimensions when designing and implementing behavioural policies: *Fairness, Openness, Respect, Goals, Opinions, other Options, and Delegation.*

## THE FORGOOD ETHICS FRAMEWORK

### Fairness

Ethical nudges aim to help people to make better decisions. However, when decision-improvements occur unevenly, concerns about fairness and justice can emerge. Since people have different preferences and different resources available to them, a given

nudge might benefit some but fail to benefit others. For example, from a fairness perspective, a nudge that helps underprivileged segments of the population to avoid unnecessary fees might be given priority over a nudge that helps affluent individuals invest more effectively. To nudge for good, nudge practitioners should consider the heterogenous effects of a nudge on different segments of the population.

### Openness

Most traditional economic policies (such as bans, mandates, taxes, and information campaigns) are highly visible and can easily be scrutinized and assessed by the public, for example through voting mechanisms. While most of the currently used behavioural policies are also transparent, nudges have the potential to be difficult to observe and thus to be manipulative. To assess the openness of a behavioural policy, nudge practitioners can ask two questions.<sup>9</sup> First, does the public have the chance to scrutinize the policy? Public announcements about the policy, its goal, rationale, and methodology in official statements and press briefings provide an opportunity for the public to scrutinize and criticize the policy. Second, how easy is it for watchful individuals to identify that a behavioural policy is in place? To answer this second question, knowledge about the mechanism through which the policy influences decisions is essential. Considering the extent to which a nudge is overt or covert can help policy-makers avoid being manipulative. Only in those specific cases where individuals indicate that they actively want the policy to be hidden should

policy makers consider non-transparent interventions.

## Respect

To be ethically acceptable, a behavioural policy needs to respect people and in particular their autonomy, their dignity, and their freedom of choice.<sup>3</sup> Respecting autonomy means that nudges do not treat adults as if they were children whose capacities for making good decisions are not being taken seriously. Nudges that respect autonomy also make sure that people's capacity to deliberate and determine what to choose (their agency) and their sense of self and self-chosen goals (their self-constitution) are not negatively affected.<sup>10</sup> Respecting dignity means that nudges do not stigmatize those being confronted with the nudge, as it would be the case when pictures of obese people are presented on the packaging of unhealthy food products. Respecting dignity also means that policy-makers acknowledge that behavioural insights do not suggest that people are stupid. To the contrary, even the most intelligent individuals can benefit from nudges as the world we live in today is hard to navigate in.<sup>ii</sup> Respect for freedom of choice is core to the definition of nudges and nudged individuals are always able to go their own way.<sup>1</sup> However, some nudges are

easier to resist than others.<sup>2,11</sup> For example, default settings that determine what happens if individuals do nothing might lead busy and boundedly rational individuals to believe that they do not have a choice. These individuals' freedom of choice is reduced to the extent that they are not aware of the choice opportunity. Hence, even if freedom of choice is present in theory, it may not be straightforward to obtain in practice. These issues of respect for autonomy, dignity, and freedom of choice are more relevant when considering Type 1 nudges (that work via the automatic decision making System 1) rather than Type 2 nudges (that appeal to deliberative thought and cognitive deliberation in System 2).<sup>12</sup>

## Goals

When designing nudges, policy-makers need to be clear about the goals of the policies. Many nudges aim to improve the lives of the nudgees, "as judged by themselves". Unfortunately, obtaining information about what people judge to be a good life is not always easy as it can be difficult (some argue, impossible) for an outside observer to identify the goals of those being nudged.<sup>13</sup> An awareness of this difficulty, and of the fact that nudgers might lack information and make miscalculations themselves, can help nudgers to design policies more carefully and ethically. Other nudges are designed to reduce externalities (for example, nudges to encourage pro-environmental behaviour), to benefit common goods (for example, nudges to encourage people to donate to charities), or to benefit other important

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<sup>ii</sup> <http://freakonomics.com/podcast/richard-thaler/>

societal values (for example, promoting equality). Even if these nudges do not make people better off, as judged by themselves, they can be ethically acceptable. However, there are nudges that are not ethically acceptable because they aim to maximize the nudgers' profits at the expense of those being nudged. Thaler and Sunstein calls the latter "sludges".<sup>6,14</sup> To differentiate nudging from sludging, nudge practitioners need to have a good idea about what their goals are and they have to establish that these goals improve, rather than reduce, welfare.

## Opinions

Different people have different opinions about the ethical acceptability of nudges. Hence, it might be impossible to design a nudge that everybody agrees with. Nudgers should consider how much disagreement is bearable (and in line with fairness considerations). Acceptability of nudges can be concerned with both the ends (what is the goal of the nudge?) and the means (what methods does the nudge use?) of the policy.<sup>15</sup> A strong justification for the nudge is present when nudgers and a large majority of the nudgees agree about both the ends and the means of the policy. In order to identify public opinions about nudging, surveys can be designed that ask people whether they like nudges and whether they like to be nudged. Previous results from such surveys suggest that there is generally

majority support for nudging, but also show that public opinions differ across different types of nudges.<sup>4</sup>

## Other Options

While nudges are very topical in policy circles these days, it is important to acknowledge that they are merely one out of several policy options.<sup>16</sup> At times, policy-makers might be best advised to rely on hard interventions, such as bans, mandates, or incentives, in order to change behaviour effectively. An ethical argument can be made against nudging if it diverts attention and political will away from stronger political tools. For example, nudging alone will likely not solve some of the most pressing problems including climate change, unemployment, and low mental health. Considering alternatives to nudging, including the alternative to do nothing and let markets and spontaneous orders define the choice architecture, can be essential to evaluate whether a nudge is ethical or not.

## Delegation

Policy-makers should consider whether they have the right and the ability to nudge people. The right to nudge does not come from nowhere, but is delegated to the policy-makers. They need to ask themselves whether this delegation is legitimate and whether it resulted from a fair process. Acceptable delegation includes delegation by law, by professional function, and by public concertation. Inacceptable delegation can be present when the

power of changing the choice architecture was given to the nudgers by groups with strong interests. Policy-makers need to reflect on their own role in the nudge process, and put special focus on potential conflicts of interests in this reflection. When reflecting about the power, policy-makers should also consider whether they are competent enough to complete the delegated tasks efficiently.

## CONCLUSION

FORGOOD summarizes seven key dimensions of the debate on the ethics of nudging. Of course, one can think of other important ethical dimensions. But some of these are relevant for any type of policy influence, not only nudging. More complex frameworks would be able to capture more ethical aspects (for example, whether the nudge encourages learning). However, more complexity would also make the framework less memorable and less likely to be adopted on a voluntary basis by choice architects.

We encourage applied researchers in this area to use FORGOOD as a starting point to think systematically about the ethics of nudging and to develop their own, case-specific ethics frameworks for behavioural policy-making. These could develop into checklists with sets of injunctions from which policy-makers would find actionable guidance. For now, however, we view

FORGOOD itself as a nudge to “nudge for good”.

**Note:** For more information and if you would like to cite this work, please refer to the academic paper referenced as Lades, L., & Delaney, L. (2020). Nudge FORGOOD. *Behavioural Public Policy*, 1-20. DOI: <https://doi.org/10.1017/bpp.2019.53>

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Table 1: The Nudge FORGOOD Ethics Framework

Dimension:	Key question:
<b>F</b> airness	Does the behavioural policy have undesired redistributive effects?
<b>O</b> penness	Is the behavioural policy open or hidden and manipulative?
<b>R</b> espect	Does the policy respect people's autonomy, dignity, freedom of choice and privacy?
<b>G</b> oals	Does the behavioural policy serve good and legitimate goals?
<b>O</b> pinions	Do people accept the means and the ends of the behavioural policy?
<b>O</b> ptions	Do better policies exist and are they warranted?
<b>D</b> elegation	Do the policy-makers have the right and the ability to nudge using the power delegated to them?





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