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Who Nudges the Nudgers?

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By ART CARDEN



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You don't have to look far to find policy makers enthusiastic about finding ways to "nudge" people toward particular behaviors they find acceptable and away from behaviors they find unacceptable. It's probably a clear improvement over hard, command-and-control paternalism, but is it necessary or even advisable?

At first glance, the nudging concept has a bit of merit and addresses some very important issues. Indeed, I'm of the conviction that the right doesn't take spillover environmental costs from incompletely-specified and poorly-enforced property rights as seriously as they should. We make a lot of environmentally questionable decisions because the rules are such that we don't bear the full costs or enjoy the full benefits of our actions.

Be that as it may the enthusiasts for nudging are almost certainly correct that we believe all sorts of silly things, have all sorts of flawed information, and make all kinds of bad decisions. A lot of these problems, though, are the results of flawed policies to begin with, policies enacted by the same groups of people we are supposing will nudge us into righteousness. The history of government intervention is littered with failed and positively destructive programs, and a lot of the bad decisions people make can probably be traced to various programs and interventions. There are the economists' hobby horses like the unintended consequences of price controls and trade restrictions. I expect that if you took a poll, you would find enthusiasm for positively destructive laws against "price gouging" after natural disasters among those we are supposed to trust to nudge us into more rational behavior.

[Last April's issue of Cato Unbound](#) considered the "new paternalism" and, in particular, the possibility of slippery slopes. As I've learned from a number of conversations, the road to serfdom is paved with good intentions, the exigencies of the moment, and the need to deal with the unintended consequences of the interventions that were necessary to address the last crisis. Aspiring paternalists assume that the nudging will be done by people of their intelligence, compassion, and character. Some forms of paternalism are obviously better than others, but I'm afraid that giving governments new, plausible-sounding rationales for interfering with [the lives of others](#) will be "like giving whiskey and car keys to teenage boys," to use P.J. O'Rourke's phrase.

Finally, some of the central tenets of the new paternalism apply more forcefully to interventionism. Yes, people will make all sorts of mistakes and continue to believe all sorts of silly things based on incomplete information and flawed models of how the world works. It is not immediately apparent that we want to cede control over their decisions to other people who will also make all sorts of mistakes and continue to believe all sorts of silly things based on incomplete information and flawed models of how the world works.

A lot of the pathologies we observe are the product of specific government interventions designed to correct earlier problems. This means that it isn't the day-to-day benighted citizens who need to be nudged. It's probably the aspiring nudgers themselves.

Note: I've read a lot of discussions of the policy debate surrounding behavioral economics (here are some of Edward Glaeser's [work on the issue](#) and [papers by Glen](#)

Whitman and Mario Rizzo discussing the new paternalism), but Richard Thaler and Cass Sunstein's [Nudge](#) is still on my reading list.