

Nudging, Gamification and Paternalism

Descrizione

This article is an extract from the forthcoming Manfred J. Holler, "Paternalism, Gamification, or Art: An Introductory Note," Homo Oeconomicus 32(2), 2015, pp. 275-286.

Paternalism assumes an authority that tries to influence the behavior of people under its guidance in order to improve the wellbeing of the latter. This can be implemented by more or less strict regulations limiting the set of alternatives to choose from and thus reducing the freedom of choice. Alternatively, "libertarian paternalism" does not constrain the freedom of choice but takes advantage of the imperfections in decision-making abilities to push people to make choices that are good for themselves. This kind of pushing people is called "nudging" and a means of pushing people this way is called a "nudge." Those who get nudged are sometimes called "nudgees," and "nudgers" are those who "nudge." When it comes to paternalism then the nudger is an authority, the State, the parents, etc. While, in principle, paternalism proper is coercive, nudging leaves the nudgee's set of alternatives unchanged. Thus, nudging is a means to achieve the authority's ends without, in principle, restricting the freedom of choice of decision makers, but make the decision makers decide what the authority is in fact aiming for. Paternalism based on nudging is also referred to as "soft paternalism." Whitman and Rizzo (2007) elaborate on the warning of a "slippery slope" that leads from soft paternalism to "hard paternalism," a non-libertarian paternalism implying regulations, legal constraints, and a reduction of freedom of choice, and thus represents a threat to their libertarian worldview. They write "soft paternalism – even if initially modest and non-intrusive – has the potential to pave the way for harder paternalism, including some policies of which the new paternalists themselves would disapprove. We conclude that policymaking based on new paternalist reasoning ought to be considered with much greater trepidation than its advocates suggest" (Whitman and Rizzo 2007: 413). In order to emphasize the dynamics of the slippery slope hypothesis they use the label "new paternalism" (Rizzo and Whitman 2009) somehow indicating that so far we have no experience with a paternalism that relies on nudging. Not all cases of nudging imply paternalism. Paternalism assumes an authority that aims to improve the wellbeing of its clients. Of

course, there is the problem of how to identify this wellbeing if it does not derive from the behavior of the clients – even contradicting of what the clients decide without the guidance of a paternalistic authority? Is there a need for a consensus in society to answer the questions of what constitutes the wellbeing and who decides on measure to take care of it? Alain Marciano's note and the comments by Mark White, Alison Cool, Antoinette Baujard and Richard Sturn, all in *Homo Oeconomicus* 32(2), 2015, discuss this question. Numerous experimental studies and empirical observations showed that the pro and cons of a decision strongly depends on conditions that are not relevant for a rational decision maker. For instance, let us assume that Mr. X gets an opera ticket as birthday present and we offer him 100 Euro for it. He rejects our offer. Let us assume that Mr. X gets 100 Euro as a birthday present, will he pay the very same ticket? Experiments show that he might not even buy such a ticket at the price of 80 Euro. This phenomenon has been labeled the endowment effect, but there are many other such paradoxical phenomena. The basic assumption of libertarian paternalism is that addressees are not able to make the "right decisions," i.e., furthering their wellbeing without a little nudge in the right direction. Supporters stress the libertarian aspect that nobody is forced to give in to the nudging: the freedom of choice is maintained. Critics point to the manipulative aspect and argue that the addressee has hardly a choice to reject the propositions of the paternalist if the latter has sufficient means to shape the decision situation correspondingly – in the extreme case, to appeal to basic instincts like the ludic drive to overcome the resistance of the decision maker to choose his "superior alternative." How can we rely on the underlying consensus that justifies paternalism in a libertarian society if individual decisions are manipulable? Doesn't manipulability also apply when it comes to forming the consensus? Alain Marciano points out this fundamental problem that libertarian paternalism faces. Obviously, justifying paternalism with reference to a consensus that is based on individual preferences is self-referential: "there is no truth in it." The manipulative aspects is particularly noticeable if the paternalist applies gamification strategies offering the decision problem as a move and the "superior outcome" as a possible result of a game. If the game is adequately designed, from the perspective of the paternalist, the decisions will bring about the intended outcome, irrespective of whether this result corresponds to decision maker's preferences or desires, if it is the winning alternative. Thaler und Sunstein (2008) give the example of drawings of bees adorning the urinals in the toilets of Schiphol International Airport at Amsterdam. The aim of this decoration was to reduce the soiling of these locations. In fact, the bees motivated a better targeting and cleaning costs decreased. Obviously, gamification worked. However, it is not obvious that the wellbeing of the

addressees increased. We can assume that some of them enjoyed the bee game, but many were perhaps not even aware of the nudge they went through. Most likely, the major of benefits went to the toilet operator that experienced a cost cut. Private benefits from nudging and nudging in order to increase private benefits are rather common: it is an essential dimension of advertising. Hausman and Welch (2010: 131) observe: "What makes the cacophony of invocation of irrational responses by non-governmental agents tolerable (to the extent that it is tolerable) are...the limits to its effectiveness and the extent to which these invocations conflict with one another and cancel one another out." A problem with "libertarian paternalism" is that the nudges are produced and controlled by a monopoly which is hardly ever balanced by competitive offers. Of course, this monopoly position becomes particular precarious if state power is directed by private interest groups, lobbyists, etc. Furthermore, the problem of soft paternalism, based on nudging, is that the addressees are likely to regret their reactions to nudging when they realize that they were the victims of some manipulation and try to restore the previous status again. The regret reaction might be less likely if the nudge was delivered in the form of a game and manipulation was less obvious and the game was enjoyable. However, is it morally justifiable for a libertarian paternalist to nudge people in a way such that they are not aware of it and have no chance to resist? How can this match with consumer sovereignty, the buttress of our market society? Hausman and Welch (2010) discuss the use of subliminal messages to influence the decision behavior of the nudgee's in order to advance their wellbeing. For example, the government might "be able increase the frequency with which people brush their teeth by requiring that the message, 'Brush your teeth!' be flashed briefly during prime-time television programs" (Hausman and Welch 2010: 131). They argue: "Influencing behavior in this way may be a greater threat to liberty, broadly conceived, than punishing drivers who do not wear seat belts." Of course, this leads to the much more fundamental question of how a citizen can evaluate (and control by his vote) a government policy if it seems to leave the final decision to him- or herself – and he or she is not aware of the nudging that makes him or her prefer what the authority is aiming for. In fact, "nudges on the part of the government may be inconsistent with the respect toward citizens that a representative government ought to show" (Hausman and Welch 2010: 134). There is the danger that the roles of the principal (the citizens) and the agents (the government) get confused. Nudging shifts the responsibility of government to the level of individual decision-making; it is a form of obfuscation policy that circumvents the control by those who are governed and is therefore inconsistent with prerequisites of democracy.

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