



NUDGING CONSUMERS INTO MORE SUSTAINABLE LIFESTYLES: LESSONS FROM BEHAVIOURAL ECONOMICS

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“Social regulation” can be defined as rules designed to improve health, safety, and the environment; they create benefits for workers, consumers, the environment and the public. Welfare economics and the politics for sustainable development share the questions of when social regulation is justified and how governmental intervention in the market system can be designed to be effective, efficient, feasible, relevant, and in accordance with the norms and values of a market economy.

While being aware of the pitfalls, the talk argues for a sustainability policy based on a concept which is currently giving politics momentum: the idea of “nudging” (Thaler & Sunstein 2008). Based on empirical evidence base from research in behavioural economics, the idea of „nudge“ is grounded on a realistic view of the market actors: consumers (as well as politicians) are “humans” limited by biases and guided by heuristics, rather than fully rational “econs“. Humans are not always disciplined and self-controlled, less competent than assumed (at least, not in all walks of life), heavily susceptible to the influence of contexts/environment, influenced by emotions and biases and at least as altruistic as egoistic.

While the theoretical base of behavioural economics is still in its infancy (and really, a “teething problem”), empirical evidence is robust. Moreover, the concept of behaviorally guided social regulation has clear political consequences. For instance, due to the power of context and defaults, careful choice architecture can design people’s choice contexts in such a manner that the preferable decision – for both, the individual as well as society – will be voluntarily preferred by consumers, and welfare is enhanced. Freedom is not at stake as long as there is transparency in action and for people the option to “opt out”.

Based on practical examples and conceptual approaches, the talk deals with questions such as

- Why is Behavioural Economics (BE) a useful conceptual approach for politics?
- What does empirical research know about consumer behaviour?
- How can this knowledge inform politics?
- Is libertarian paternalism (really) a charter for the „nanny state“?