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FROM THE ARCHIVES

OUT-OF-OFFICE EXPERIENCES : Setting Up Shop at Home

November 6, 1994

Designing better choices

Libertarian paternalism gives you options while achieving society's goals.

April 02, 2008 | Richard H. Thaler and Cass R. Sunstein | Richard H. Thaler and Cass R. Sunstein teach at the University of Chicago and are the authors of "Nudge: Improving Decisions About Health, Wealth, and Happiness."

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The director of food services for a big-city school system hatches an interesting idea: If she changes the arrangement and display of school food, will it alter kids' decisions about what to eat?

Without modifying menus, she decides to place the desserts first on the cafeteria line in one school, last in another and on a separate line altogether in others. She varies the location of other foods as well. The results are dramatic. Simply by rearranging the cafeteria, the consumption of many items increases or decreases.

This example is a product of our imaginations, but we know from similar real-world experiments -- in supermarket design, for example -- that the arrangement of settings is important to the choices consumers make. Behavior can be greatly influenced by small changes in the context. And the influence can be exercised for better or for worse. In the cafeteria, no doubt a careful designer could get kids to eat more healthy food and less junk.

Those who design supermarkets and school cafeterias are engaged in what we call "choice architecture": the organization of the context in which people make decisions. Choice architects are everywhere. If you design the ballot that voters use to choose candidates, you are a choice architect. If you are a doctor and must describe the alternative treatments available to a patient, you are a choice architect. If you design the form that new employees fill out to enroll in the company healthcare plan, you are a choice architect. If you are a parent, describing possible educational options to your son or daughter, you are a choice architect. If you are a salesperson, you are a choice architect (but you already knew that).

There are many parallels between choice architecture and more traditional forms of architecture. A crucial parallel is that there is no such thing as a "neutral" design. Cognitive psychology and behavioral economics have shown that small and apparently insignificant contextual details can have a major effect on people's behavior. Researchers tell us that if a candidate is listed first on the ballot, he may well get a 4% increase in votes. If a doctor says 90% of patients are alive five years after a certain operation, far more people will have the operation than if the doctor says 10% of patients are dead five years after having it.

One memorable example of the power of choice architecture comes from the men's rooms at Schiphol airport in Amsterdam. There the authorities have etched the image of a black housefly into each urinal. It seems that men usually do not pay much attention to where they aim, which can create a bit of a mess, but if they see a target, their attention and accuracy improve. Spillage at the airport decreased by 80%!

Let's return to the cafeteria line. If, all things considered, you think the arrangement of food ought to nudge kids toward what's best for them, then we welcome you to our new movement: libertarian paternalism. We are keenly aware that both those words are weighted down by stereotypes from popular

culture and politics. Why combine two often reviled and seemingly contradictory concepts? The reason is that if the terms are properly understood, both concepts reflect common sense. They are far more attractive together than alone -- and taken together, they point the way to a whole new approach to the role of government.

The libertarian aspect of the approach lies in the straightforward insistence that, in general, people should be free to do what they like. They should be permitted to opt out of arrangements they dislike, and even make a mess of their lives if they want to. The paternalistic aspect acknowledges that it is legitimate for choice architects to try to influence people's behavior in order to make their lives longer, healthier and better.

Private and public institutions have many opportunities to provide free choice while also taking real steps to improve people's lives.

* If we want to increase savings by workers, we could ask employers to adopt this simple strategy: Instead of asking workers to elect to participate in a 401(k) plan, assume they want to participate and enroll them automatically unless they specifically choose otherwise.

* If we want to increase the supply of transplant organs in the United States, we could presume that people want to donate, rather than treating nondonation as the default. A study by social scientists Eric Johnson and Dan Goldstein showed that "presumed consent" could save thousands of lives annually.

* If we want to increase charitable giving, we might give people the opportunity to join a "Give More Tomorrow" plan, in which some percentage of their future wage increases are automatically given to charities of their choice.

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