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Nudge: what is in a word?: a critical appraisal

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**SCHOOL OF ECONOMICS, BUSINESS AND
COMPUTER SCIENCE**

**NUDGE: WHAT IS IN A WORD?:
A CRITICAL APPRAISAL**

SPYRIDON PARTHENIS

JANUARY/2023



**SCHOOL OF ECONOMICS, BUSINESS AND
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A CRITICAL APPRAISAL**

**Dissertation which was submitted for obtaining a distance
postgraduate degree in Public Administration
(specialization General Administration)
at Neapolis University**

SPYRIDON PARTHENIS

JANUARY/2023

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Spyridon Parthenis

Nudge: What Is It In A Word?: A Critical Appraisal

This Dissertation was submitted for obtaining a distance postgraduate degree in Public Administration (specialization General Administration) at Neapolis University and was approved on February 11, 2023, by the members of the Examination Committee.

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DECLARATION

I, Spyridon Parthenis, being fully aware of the consequences of plagiarism, declare responsibly that this paper entitled “Nudge: What Is It In A Word?: A Critical Appraisal”, is strictly a product of my own personal work and all sources used have been duly stated in the bibliographic citations and references. Where I have used ideas, text and/or sources of other authors, they are clearly mentioned in the text with the appropriate citation and the relevant reference is included in the bibliographic references section with a full description.

The Declarant

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ΠΕΡΙΛΗΨΗ

Δεκαπέντε χρόνια μετά από την εισαγωγή στα συμπεριφορικά οικονομικά της Θεωρίας της Ώθησης, μιας κεντρίας πολιτικής και φιλοσοφικής θεωρίας, που περιγράφεται στο ομώνυμο βιβλίο *Nudge* των Richard Thaler και Cass Sunstein, που κυκλοφόρησε τον Απρίλιο του 2008, πέντε μήνες πριν από την κατάρρευση της Lehman Brothers, η ακαδημαϊκή έρευνα φαίνεται να παραμένει ακόμη διχασμένη όσον αφορά στο φιλοσοφικό, επιστημολογικό και πολιτικό υπόβαθρό της και τον πραγματισμό της (πρακτική στάση) απέναντι στη χάραξη δημοσίων πολιτικών. Η Θεωρία της Ώθησης βασίζεται στην οξύμωρη πολιτικό-φιλοσοφική έννοια του φιλελεύθερου πατερναλισμού, που επιχειρεί να συμφιλιώσει δύο διαμετρικά αντίθετες πολιτικές παραδόσεις. Από τη μια πλευρά, οι νεοφιλελεύθεροι (από την αριστερά και από τη δεξιά) δίνουν προτεραιότητα στην ατομική ελευθερία και απορρίπτουν την πατερναλιστική συνιστώσα της θεωρίας που δικαιολογεί την κρατική παρέμβαση στις ιδιωτικές υποθέσεις χωρίς τη συγκατάθεση των ατόμων ενώ από την άλλη πλευρά, οι πατερναλιστές ή σοσιαλδημοκράτες από την αριστερά δικαιολογούν τις πατερναλιστικές πολιτικές που μεταβάλλουν τη συμπεριφορά των ατόμων και περιορίζουν τις επιλογές των πολιτών για το δικό τους καλό. Ο σκοπός της παρούσας διατριβής είναι να γεφυρώσει αυτό το χάσμα, ανακεφαλαιώνοντας και ενσωματώνοντας τις τρέχουσες ερμηνείες των συμπεριφορικών οικονομικών ή οικονομικών της ώθησης προς μια θεωρητική σύνθεση. Ειδικότερα, στόχος είναι: α) να γίνει μια κριτική αξιολόγηση της Θεωρίας της Ώθησης, και β) να προσδιοριστεί η εγγενής αξία της, δηλαδή εάν και σε ποιο βαθμό οι δημόσιες πολιτικές ώθησης μπορούν να ωφελήσουν τους πολίτες, τους χαράσσουντες δημόσιες πολιτικές και την κοινωνία γενικά. Τα ευρήματά μας καταδεικνύουν ότι η Θεωρία της Ώθησης αποτελεί μια καινοτόμο, πρακτική και χρήσιμη θεωρία, που θα μπορούσε να βοηθήσει τα κράτη να εκπληρώσουν τους στόχους πολιτικής τους καθώς διασυνδέει την άποψη του κράτους για το δημόσιο συμφέρον με τα εικαζόμενα προσωπικά συμφέροντα. Οι ωθήσεις φαίνονται να αποτελούν ένα διαδεδομένο, οικονομικά αποδοτικό, επιτυχημένο εργαλείο πολιτικής, το οποίο δοκιμάζεται και εφαρμόζεται από κρατικούς φορείς σε συνδυασμό με τα παραδοσιακά εργαλεία πολιτικής καθώς οι πολίτες παρακινούνται διακριτικά να προσαρμόσουν τη συμπεριφορά τους σε πολιτικά προκαθορισμένες νόρμες. Ωστόσο, οι ωθήσεις πρέπει να εφαρμόζονται με εξαιρετική προσοχή. Σύμφωνα με τα ευρήματά μας, η Θεωρία της Ώθησης είναι σημασιολογικά χαλαρή, μεθοδολογικά και επιστημολογικά αδιαφανής, με ασαφείς έννοιες και μη διαφανείς αιτιώδεις μηχανισμούς. Η πρακτική αποτελεσματικότητα των ωθήσεων είναι ιδιαίτερα αβέβαιη και ευμετάβλητη καθώς υπάρχει αντιφατική εμπειρική υποστήριξη των υποθέσεων της θεωρίας. Τέλος, οι ωθήσεις δεν είναι πάντα διαφανείς, συνειδητές και αυτό-στοχαστικές, γεγονός που ενδεχομένως να υπονομεύει την ατομική αυτονομία και ελευθερία.

Λέξεις κλειδιά: ώθηση, φιλελεύθερος πατερναλισμός, συμπεριφορικά οικονομικά, αρχιτεκτονική επιλογών, υπευθυνοποίηση των πολιτών

ABSTRACT

Fifteen years after the introduction of Nudge Theory in behavioral economics, a centrist political and philosophical doctrine, which is developed in Richard Thaler and Cass Sunstein's eponymous book *Nudge* (2008), existing scholarship still seems to be divided on its philosophical, epistemological, and political underpinnings and its pragmatism towards public policymaking. Nudge Theory is based on the oxymoronic political philosophy concept of libertarian paternalism, which seeks to reconcile two diametrically opposed political traditions. On the one hand, libertarians or neoliberals (from both left and right) prioritize individual freedom and rebuff the paternalistic component of the theory, which justifies state interference in people's affairs without their consent while on the other hand, paternalists or social democrats from the state left justify paternalistic policies which modify the behavior of individuals and restrict citizens' choices for their own good. The aim of this dissertation is to bridge this gap by summarizing and integrating current understandings of 'Nudge' (or behavioral) economics towards a theory synthesis. More specifically, it aims at a) critically appraising Nudge Theory; and b) defining its merit, that is to say whether and to what extent public nudge policies can benefit citizens, policymakers and society as a whole. Our findings show that Nudge Theory is an innovative, practical and useful theory, which could help governments fulfill their policy ambitions as it links the state's view of the public interest with assumed personal interests. Nudges seem to be a widespread, cost-effective, successful policy tool, which is tested and implemented by government agencies, along with conventional policy instruments as citizens are subtly incentivized to conform their behavior with politically defined norms and public policy goals. However, nudge interventions should be applied with extreme caution. According to our findings, nudge theory is semantically relaxed, methodologically and epistemologically opaque, with ill-defined concepts and non-transparent causal mechanisms. The policy effectiveness of nudges is highly uncertain and volatile as there is inconsistent empirical support for the theory's assumptions. Finally, nudges are not always transparent, conscious, and self-reflective, which may undermine individual autonomy and liberty.

Keywords: nudge, libertarian paternalism, behavioral economics, choice architecture, citizen responsabilization

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LIST OF ABBREVIATIONS AND ACRONYMS

AI	Artificial Intelligence
BE	Behavioral Economics
BETA	Behavioural Economics Team (Australian Government)
BI	Behavioral Insights
BIT	Behavioural Insight Team (UK)
BPA	Behavioral Public Administration
BPP	Behavioral Public Policy
CCBI	Competence Centre on Behavioural Insights (DG JRC)
DG JRC	Directorate-General Joint Research Centre (EC)
DG SANCO	Directorate-General for Health and Food Safety (EC)
EC	European Commission
EESC	European Economic and Social Committee (EU)
eMBed	Mind, Behavior, and Development Unit (World Bank)
EOP	Executive Office of the US President
EU	European Union
FDA	US Food & Drug Administration
GSA	General Services Administration (US Government)
HOL STSC	House of Lords Science and Technology Select Committee (UK Government)
LP	Libertarian Paternalism
MSRP	Methodology of Scientific Research Programs
NE	Neoclassical Economics
NSLP	National School Lunch Program of USDA
NSTC	National Science and Technology Council (US Government)
OECD	Organization for Economic Cooperation and Development
OES	Office of the Evaluation Sciences (US Government)
OGP	Office of Government-wide Policy (US Government)
OIRA	Office of Information and Regulatory Affairs (US Government)
OPSI	Observatory of Public Sector Innovation (OECD)
OSTP	Office of Science and Technology Policy (US Government)
RCT	Randomized Control Trial
SSBS	Subcommittee on Social and Behavioral Sciences (US Government)
SNA	School Nutrition Association (US)
UK	United Kingdom
US	United States
USDA	US Department of Agriculture
4IR	Fourth Industrial Revolution