

food ethics

The magazine of the Food Ethics Council

Nudge politics

Changing
government,
changing lives

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Nudge politics

Over 200 UK government papers or websites cite Richard Thaler and Cass Sunstein's hugely influential book *Nudge: Improving Decisions about Health, Wealth, and Happiness*, and many more bear its fingerprints. Every department from transport to trade wants to get nudging. Food is no exception, with health and environment ministers championing these ideas.

So what's nudge all about? Thaler and Sunstein's book has become a shorthand for the notion that governments have much to learn from behavioural economics and psychology. And so they do. Michael Hallsworth (p.4), who summarised these ideas for UK policy makers in *MINDSPACE: Influencing Behaviour through Public Policy*, explains in the introductory article that this means appreciating how our environment influences what we do without our realising it. Research shows we can be 'primed' by advertising to start eating even when we are not hungry, for example, or eat more of foods that come in a bigger box.

More encouragingly, one study that placed a yellow tape across shoppers' trolleys, with a sign to put fruit and veg in front of the line, saw fruit and veg buying double. Findings such as these help banish the conceit that most of us behave rationally most of the time, which has been the death of many a well-intentioned policy. Much of the time we act on autopilot, not necessarily because we're thoughtless, but because we're thinking about something else.

Will this help policy? Well, as Ed Mayo (p.24) puts it, "taking account of people's behaviour works a good deal better than ignoring it". But, crucially, says Hallsworth, efforts to use this understanding to encourage healthier and greener behaviour should "complement and enhance" more traditional approaches to policy rather than replace them. His *MINDSPACE* report suggests how government might enhance 'hard' interventions like legislation or fiscal measures, and

supplement them, rather than diminish their importance.

What concerns critics, however, is precisely that the coalition government does seem to be shedding its regulatory responsibilities in the name of nudge. Indeed, while Thaler and Sunstein's book is often cited as shorthand for the whole field of behavioural economics, they in fact offer a very particular view of its implications for policy. As Rebekah Phillips (p.22) explains, "Nudge is an ideological interpretation of behavioural economics, and uses its insights only to support 'non-coercive' interventions". The book is a manifesto for an approach the authors call "libertarian paternalism" – perhaps better dubbed *avuncularism* – in which governments stop forbidding people from doing things and instead guide their behaviour more permissively, by adjusting the parameters in which individuals make decisions or changing market incentives.

So the popularity of nudge is not down just to its catchy title. Geof Rayner (p.7) and Alan Warde (p.20) describe how its themes match the mood of politicians wanting a smaller state. And in UK food policy the state is being pruned back hard: the government has made 'Responsibility Deals' with industry the centrepiece of its approach to public health, and Defra is losing a third of its budget and repositioning itself as an 'economic department' rather than a regulator.

While contributors to this edition from food businesses broadly welcome this tack, those working in public health or sustainability are cautious, and in some cases deeply concerned. They point to five dangers in nudge politics, and suggest how to address them.

First, nudge politics is about changing individuals. Rayner describes how the Responsibility Deals on health "focus on how companies influence 'consumers' – not on how they reform their own business practices". According to Warde, "it is organisations with power

and strategic capacity that can make most difference in the majority of areas of concern over sustainability". Government should seek to change markets and institutions, not just individuals.

Second, because it focuses on individuals it says little about power and, notwithstanding government commitments to tackle health inequalities, is uninterested in justice. "Would we have nudged our way out of slavery or towards votes for women?" asks Hetan Shah (p.16). "Highly unlikely."

The third problem is that many any ideas within behavioural economics have been tried, but few have been tested. While evaluating current initiatives should help remedy that, Sue Dibb (p.14) reports the flagship Responsibility Deals are not being monitored. Building the evidence to inform future policy must be made a priority.

Fourth, experience shows that efforts to change the market by working with businesses will only work if government shows leadership, and a readiness to resort to regulation. As Dibb describes, even the food industry bemoans government's "crying lack of strategic vision".

Finally, and most seriously, nudge politics could exacerbate the very problems it sets out to solve. Tom Crompton (p.17) shows us another side of the behavioural sciences – the distinction drawn by social psychologists between 'intrinsic' and 'extrinsic' values. Intrinsic values include a concern for the welfare of other people and the planet, while extrinsic values are about personal success and social status. Nudges that play to people's extrinsic values, for example incentives, risk undermining those intrinsic values that mean people care about sustainability, public health or animal welfare. Unless government is careful, it could nudge itself out of a mandate.



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Behaviour change

Making food policy for the future



Nearly three years have passed since Richard Thaler and Cass Sunstein's book 'Nudge' brought behavioural economics to the attention of public policy makers and marketers. **MICHAEL HALLSWORTH** says that the influence of this body of thought has only grown during that period, even as other 'big ideas' have slipped into obscurity.

The UK government's Coalition Agreement explicitly states that the government will be 'harnessing the insights from behavioural economics and social psychology'. To help achieve this goal, a Behavioural Insights Team has been established in the Cabinet Office, tasked with helping departments design policy that reflects how people really behave. What explains this continued popularity – and what could it mean for food policy?

First, we need to look at the bigger picture. Over recent decades, government has increasingly been tasked with addressing complex social problems, such as obesity, climate change and social exclusion. Many of these challenges cannot be dealt with directly by government action, but are dependent on changes to the behaviour of individuals or groups. As a result, policy makers have become increasingly interested in the concept of 'influencing behaviour' as a generic policy challenge.

As the demand for ideas about how to influence behaviour has grown, so has evidence of the flaws in existing approaches. Government attempts to influence behaviour can be broadly separated into two camps: 'harder' measures based on coercion (such as legislation or regulation) and 'softer' ones based more on influence (such as the use of information and incentives). When it comes to the latter, government has tended to assume that people will react to information and incentives in certain 'rational' ways that maximise the benefits to themselves.

Over the last thirty years, behavioural economics has provided evidence that we often do not act in these assumed ways. Our behaviour is guided not by the perfect logic of a super-computer that can analyse the cost-benefits of every action, but by our sociable, emotional and sometimes fallible brain. Rather than making decisions in a vacuum, we are affected by our environment far more than we realise, and often respond automatically to certain cues around us. Our behaviour is often

guided by certain, predictable, mental shortcuts that we may not realise exist. While these shortcuts often help us function well, they can also lead to outcomes that – on reflection – we would prefer to avoid.

Clearly, this evidence has major implications for food policy. If we do not always register and act on information, but are much more sensitive to cues that escape our conscious awareness, what does this mean for the way government thinks of citizens as food consumers?

First, consider what influences our food purchases. Much of the debate at national and European level has centred on the power of nutritional labelling to inform consumer decisions. However, when New York State passed legislation that made restaurants post the calorific content of all regular menu items, initial studies found no detectable change in calories purchased.¹ The point is not that information 'does not work', but rather that – in a world where we are bombarded with information – government needs to understand how some pieces of information are filtered out, while others strike us as salient. Behavioural economics offers a guide here.

If information provision has less of an effect than we assumed, behavioural economics identifies other forces that are more potent. One of the most unnerving findings relates to the power of what is known as 'priming'. Priming shows that people's subsequent behaviour may be altered if they are first exposed to certain sights, words or sensations. Priming seems to operate outside of conscious awareness, which means that it is different from simply remembering things. In other words, we may start eating because we have been primed to do so – even if we are not hungry.

Recent evidence suggests that television advertising can exert exactly such priming effects. Previously, studies had concluded that advertising leads to greater preference for the product



By Alan Holding

concerned, and higher subsequent purchases.² However, the new evidence shows that exposure to food advertising can trigger 'automatic' eating, including of products that were not advertised.³ Of course, priming effects are not limited to advertising – we are being primed all the time, by different sources. What, if anything, should government do about that?

Another finding related to food choices is the power of 'hot' states, as opposed to 'cold' states. Behavioural economics reveals that our power to resist desires when in an aroused state – when hungry, for example – is much weaker than most rational models would suggest.⁴ And we ourselves are poor at anticipating how much self-control we will be able to exert. Recent research has found evidence for a 'restraint bias': a tendency for people to overestimate their capacity for impulse control.⁵ This tendency actually increases impulsive behaviour, since people end up 'over-exposing' themselves to temptation. We think we will be much better at resisting the chocolate cake than we actually are.

Finally, there is the question of how much we eat. While we might assume that we eat until we are full, there is growing evidence that a large part of eating is automatic – or 'mindless', as one overview puts it.⁶ This means that the size of food containers can be a greater influence on the amount we eat than our hunger or the quality of the food. Moviegoers ate 45% more popcorn when it was given to them in a 240g container than a 120g container; even when the popcorn was stale, the larger container made them eat 33.6% more popcorn.⁷ And it has been shown that people unknowingly copy the eating of behaviour of others around them, whether their choice of food or the amount they consume.⁸

Government cannot ignore these findings about how we eat: obesity costs the economy an estimated £7 billion a year.⁹ But what are the options for policy makers in the often controversial field of influencing behaviour?

Starting with the most liberal response, government could simply try to educate consumers about the factors that influence their behaviour. They could then develop routines or tactics to prevent people being influenced in ways they do not desire.¹⁰ This would have the advantage of emphasizing citizens' autonomy and personal responsibility.

But there are two major problems with this tactic: first, it may create a moral hazard, whereby people start to see the powerful influences over their behaviour as an excuse to avoid effort ('I can't help it, I was primed to do it...'). Second, many people may not have the ability to avoid exposure to powerful influences, since they may be embedded in the surrounding environment. For example, evidence from America suggests that having a fast food restaurant within a tenth of a mile of a school is associated with at least a 5.2% increase in obesity rates amongst 14 year olds.¹¹

Alternatively, government may wish to regulate private companies to prevent them from exploiting these sources of influence, with the aim of protecting citizens from manipulation. Regulation may work in some areas, but faces practical problems. Often it will be difficult to judge when a company has employed these techniques, and many will do so unintentionally. Moreover, it is difficult for companies to stop influencing consumers one way or another – the layout of supermarkets will always affect our purchases, even if the company has not arranged the aisles to make us spend more.

Rather than regulating, government could work with private companies to help ensure that the influence they exert is directed towards individual and societal benefits. This is the approach that the coalition is currently embracing. For example, the Behavioural Insights Team recently announced that it will be engaging the private sector to experiment with the design of trolleys and the order or height of healthier options on supermarket shelves.¹² And the recent Public Health White Paper places partnerships with the private sector at the core of its strategy to encourage healthier lifestyles. When taking this approach, a lot rests on government's powers of influence over private companies.

Finally, government itself could attempt to use behavioural economics to influence the way we eat; the Institute for Government recently set out how this could be done in its MINDSPACE report. The point is, though, that these approaches should be seen as part of a spectrum of methods that influence behaviour: they complement and enhance coercive or rational approaches, rather than replace them. Behavioural economics does not mean giving up on conventional policy tools such as regulation, price signals or better information. It means using them more effectively.

While most of the attention has focused on individual 'nudge' policies, the implications of behavioural economics go much wider than simply offering new tools for influencing behaviour. They suggest that government is always influencing our



By Jadot

behaviour, even when it does not intend to do so. Therefore, civil servants also need to reassess the behavioural impact of their current actions, and understand how they may be influencing us unintentionally. Our MINDSPACE framework allows them to do so.

There is, therefore, a need to start thinking more about the behavioural dimension of government. In other words, behaviour needs to be used as a lens through which all government activity is perceived. With obesity as one of the major policy challenges to be confronted, yet with government attempts to 'save us from ourselves' remaining controversial, food policy is a fascinating arena in which to see these debates being played out. Whatever happens, one thing is sure: the concept of behaviour is going to shape our attitudes to public policy for many years to come.

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Nudge public health

The new laissez-faire?



'Healthy Lives Healthy People', the coalition government's public health white paper, promises to heal the longstanding rift between local government and the NHS. Although implemented at a time of public expenditure cuts, in this respect alone does it represent a plus for public health, writes **GEOF RAYNER**.

There are serious grounds for criticism of the government's overall philosophy in public health, in particular its attempt to relocate responsibility away from the wider determinants of health to the level of the individual.

A word count of *Healthy Lives Healthy People* indicates where the new emphasis lies. Behaviour gets 50 mentions, freedom 26, and empowerment 17. On the other hand, it entrenches the long-standing criticisms made by Conservative commentators, that Labour's statist 'nannying' has been counterproductive.

Where does this approach come from? One source is the Chicago school of economics once associated with Milton Friedman, but today represented by the new field of behavioural economics. Underlying this, although it has not been observable to many, is something far older: the 'default' ideology of market liberalism. This Victorian laissez-faire attitude is viewed today as past history – only seen in the novels of Charles Dickens.

The new bundle of ideas might even be characterised as the new laissez-faire because although presented as pragmatic – engaging industry and consumer (not as 'citizen') – and scientific – drawing upon advanced thinking in social science – at root it shares a belief in economic individualism, a distrust of state intervention to advance the public good, and disinterest in redressing inequalities of power. Yes, inequalities in health are explicitly mentioned in the new policies, with funding to be made available to poorer areas, but the focus on individual responsibility gives no ground to broader and health social inequalities,

even contradicting notions of the Big Society. In this respect, today's version of behavioural public health is a clever presentational veneer to policies from the past.

On closer examination, much of the approach is not quite the break from Labour that is claimed. In a major speech on public health on 26 July 2006, Tony Blair said that the role of the state was "to empower the individual to be able to make the choices and decisions about their life that they want". He claimed to abandon explicitly "the paternalistic state." Blair was true to his word. In only one area did New Labour follow a protectionist course of action: tobacco. In others, such as alcohol, deregulation gave industry almost everything it demanded; even public information on alcohol was shifted to industry-financed organisations like the Portman Group and Drinkaware.

For dietary-linked diseases the picture is more complicated. Labour established the Food Standards Agency following the disaster of BSE and was under mounting pressure to act around obesity. But in reality its Healthy Weight Healthy Lives strategy was mostly notable for its expensive social marketing campaigns.

Under John Krebs, now Lord Krebs, the FSA extended its remit into nutrition. This saw positive moves to improve nutrition and reduce levels of obesity. But if obesity put the food industry on the defensive, the threat posed by the traffic lights food labelling scheme was too much, and they lobbied hard to oppose it, successfully in both the UK and Europe. When the new government took office the FSA's cards were marked. In October 2010, food

protection functions were moved to DEFRA and nutrition to the Department of Health, both under close ministerial scrutiny. One Labour policy vehicle, the School Food Trust, was retained, but commitments to introduce cooking skills for all children were quietly abandoned.

Political differences in public health policy are often inflated. Labour sought to involve the food industry through food codes, action on saturated fats, catering commitments, Change4Life commitments, and Swapathon (money-off vouchers for goods and services in alliance with companies like ASDA). This scheme was strongly criticised by Lord Krebs during the current House of Lords Behaviour inquiry. Others outside the Lords, were critical too. 'Fiona' wrote on the Netmums social network website in January 2011: "I got mine and was so disappointed – I hadn't realised all the food requires you to go to Asda (and my closest is so far away it would cost more than the savings to get to it)." She went on "I see no reason why they need my phone number and address as well as my email address." Who in government is responsible for these deals? Who is choosing the products and companies? This scheme urgently needs an independent, thorough-going review.

The new Responsibility Deal (RD) is not a Labour hangover. The concept was established by a Conservative-instigated Commission, chaired by Dave Lewis of Unilever involving food manufacturers and retailers, the alcohol industry and fitness industry. The Conservative Party's own RD ideas are housed on the Commission's (Unilever financed) website. Andrew Lansley, now secretary of state for health, remarks in the introduction that "A 'Responsibility Deal'

is a Conservative response to challenges which we know can't be solved by regulation and legislation alone. It's a partnership between Government and business that balances proportionate regulation with corporate responsibility."

There are three aims: "to incentivise consumers to adopt a better diet and to increase their levels of physical activity", "to enable and encourage people to drink sensibly and responsibly" and "to extend the scope and effectiveness of occupational health services through businesses." While public private partnerships may be useful, this particular rendition of the idea only focuses on how companies influence 'consumers' – not about how they reform their own business practices.

Despite scant details, two important questions have emerged. Will promised actions accord with the policy evidence accumulated by public health researchers? And, will the RDs be subject to wide-ranging independent evaluation? The risk is that RDs are just PR or, worse, diversionary; not just a scaling down of Labour's measures (which now appear to have had positive effects on obesity trends), but an attempt to change perceptions: industry as benign helper, unconnected with the causes of the problem.

In the USA Michelle Obama's engagement with the food industry, which led to the Healthy Weight Commitment, is being evaluated. This voluntary effort to reduce obesity by changing what Americans eat, with a commitment to remove 1.5 trillion calories a year from the marketplace by 2015, is being tracked by University of North Carolina's Barry Popkin.

Another Conservative public health policy 'innovation' is Thaler and Sustein's 'Nudge' theory. The Behavioural Insights Team, in the Cabinet Office, is led by David Halpern who occupied virtually the same job under Labour. The team's ideas are outlined in *Applying Behavioural Insight to Health*. "There is no reason" it says "why we cannot succeed in tackling today's rising tide of chronic lifestyle-related diseases". That ambition is creditable, but actually there are many other challenges to tackle too.

The report documents the good intentions, including the example of Boots the chemist's scheme for smoking cessation. No government money is mentioned but the company – owned by US private equity firm Kohlberg Kravis Roberts (registered in Switzerland, thus avoiding millions in UK tax) – gets a huge plug. Also mentioned is Barclays' bike scheme in London (Barclays' contribution accounts for 18% of total cost) stating that the bikes' visibility changes 'social norms' and cites as evidence increasing bicycle sales.

However, cycling grew in central London by 60% for the three years after 2003 without such 'nudges' and in any case the picture of who's responding to such Nudges (if indeed they are) is not so rosy in terms of participation and implications for health inequalities. A majority of users are white males earning over £50,000 a year, with 68% aged between 25 and 44. In London cycling's problem is not so much lack of bikes or the wrong social norms but parents being afraid to let their children ride them.

The trouble with nudge theory is that not only does it merely scratch the surface of the social norms – an analysis set out in Norbert Elias's *The Civilising Process* published in 1939 – but it is explicitly designed as a blockage to more effective measures.

Nudge theory's reliance on signalling information to consumers and reordering default choices fits well with the notion that regulation is passé. The problem for public health is not what Nudge is able to achieve but that interventions are sidelined. Would Nudge measures turn around the projections of overweight and obesity in the US, slated to make obesity universal across the population by 2048? It seems unlikely without tough government action.

In fact, this is precisely what Thaler and Sunstein are against. Paternalistic policy, they say, "tries to influence choices in a way that will make choosers better off, as *judged by themselves*." In contrast what they refer to as "libertarian paternalism" is "a relatively weak, soft, and nonintrusive type of paternalism

because choices are not blocked, fenced off, or significantly burdened." As a result, because incentives and nudges replace requirements and bans "government will be both smaller and more modest".

Given the collapse of economic justification for an entirely self-regulating financial market, Nudge offers a reviving tonic for anti-statists. In Thaler's expert view – as an economist working in the investment industry – more regulation of the financial services industry would be self-defeating. As with the food industry, the asymmetry of power between the individual and the corporate is not discussed. The political economist Adam Smith – whose idea of the invisible hand guiding the market has often been misunderstood as 'hands off' – still has something to tell us about how companies operate. Writing in *The Wealth of Nations* he remarked:

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary."¹

Smith can't tell us what he thinks about Responsibility Deals or Nudge, both of which are ideologically tuned to ignore power. Of course, something might come out of the Responsibility Deals, but it remains highly doubtful that the food industry will voluntarily make the massive changes that are needed. As we move into this new political and economic terrain, the case for vigilance by the public health movement is stronger than ever. ■

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Geof Rayner PhD is currently part of a EU-wide project examining public private partnerships to prevent obesity, supported by the European Commission.

Responsibility deals Leadership in public health



Is there an inherent conflict in asking the food and drink industry to deliver public benefits? Aren't market pressures pushing in the other direction? **MELANIE LEECH'S** answer is clear – FDF members do not recognise this supposed conflict. She explains why.

Take public health. Deloitte recently asked food and drink CEOs about the market trends informing their strategies. The overwhelming majority considered health to be the key consumer trend shaping demand and innovation in the market. (Issues such as provenance and ethical consumption are also significant and growing market trends.) So, engaging on the public health agenda is good business sense as well as being the right thing to do.

FDF members recognise their broader responsibilities and are not afraid to show leadership and take bold action on a collective, voluntary basis. We first launched our health and wellbeing Manifesto as far back as 2004, and our ground-breaking Five-fold Environmental Ambition three years later. We have continued to show real leadership in the way we have responded to the complex issues at the heart of some of the most challenging public policy debates.

One of the areas in which we are now recognised as leading the world is reformulation, product renovation and new product development. In 2009 FDF published 'Recipe for Change' showcasing the work of our members to reformulate their products, and the considerable challenges faced by companies in reformulating their brands without making any compromises on taste, quality or price. Importantly, this report also correctly predicted that there would be no 'health crunch' – companies would not stop focusing on the importance of developing healthier products, despite the recession and hugely competitive market conditions that prevailed through 2009 and 2010.

We have also shown real leadership on public health in areas such as providing clear nutrition information on our packs; and developing workplace wellbeing schemes that go way beyond the traditional health and safety agenda.

We are keen to play a full part in the development of the Government's proposed Responsibility Deal for public health. The Deal is still very much work in progress, but that has not stopped some criticising it from the outset – and particularly Government's decision to include industry in the discussions. Some of the challenges have been highly colourful – such as likening the decision to invite industry to sit around the table to 'putting Dracula in charge of the blood bank'!

In reality industry is just one of a number of interested stakeholders involved in the discussions around the Responsibility Deal in the five key areas of food, alcohol,

physical activity, health at work, and behaviour change. What the participants share in common is that we can all influence or deliver positive changes that will, ultimately, help people choose to lead healthier lives.

Our industry clearly has a key role to play – and a responsibility to respond – across a number of these areas. But it is not going to be easy: we are not (as critics claim) 'writing' the final policy. And we are being challenged hard to show that the Government is right in its belief that the Responsibility Deal process can deliver more than was achieved through the quasi-regulatory processes put in place by the previous administration.

It's a new way of working for Government, and for all of us. The process itself is very different to how any of us are used to engaging. But the issues are clearly not going away. The principle of everyone working together in partnership to deliver a range of solutions and initiatives that will help our consumers lead healthier lives is surely a better way of operating than the sometimes adversarial relationships of old.

Industry is well aware of the complex diet, lifestyle and health challenges facing society, and the high expectations that policy makers, regulators and campaigners have of us. This challenge is healthy because for progress to be made you need three drivers in place:

- A clear signal from Government about its priorities and expectations;
- An environment in which industry is able to respond to this pressure with its competitive instincts driving rapid change in the market; and
- Well-informed consumers making the right choices for them and their families (which in turn feeds the competition to supply healthy choice into the market).

FDF and its members are committed to engaging fully, positively and proactively in the discussions with the Coalition. We want to make a positive contribution to the Responsibility Deal, and through it to support Government efforts to help consumers lead healthier lives.

History tells us that industry is a good delivery partner. And the best results will always come when industry is allowed to respond to societal concerns and consumer demand in the way that it knows best: through its competitive instincts. ■

Melanie Leech is the Director General of the Food and Drink Federation.

Déjà vu

Groundhog day for public health policy?

Alongside broader changes to public health, the 'nudge' agenda has an aura of familiarity, tinged with hope and concern, write **ANTHONY KESSEL** and **PETER ALLMARK**.

In the 1993 film *Groundhog Day*, the comedian Bill Murray's life is trapped in a circuit. He wakes up every morning at exactly the same time, encounters similar people through the day, and attempts during each 24-hour cycle to change events and experiences. When he goes to bed he is hopeful of an improved outcome: yet each morning, as the alarm rings again, his deadpan face signals a mirrored start.

Those working in public health in England today may be experiencing a not dissimilar sense of déjà vu. As proposed in the government's recent White Paper on public health, and currently under consultation, from April 2012 there will be a new public health service in the country – Public Health England – one arm of which will comprise local authority based public health teams.¹ A little history, though, is relevant here.

The first post of Medical Officer of Health (MOH) in England was created in 1848, and during the second half of the nineteenth century such appointments spread through the country. Based in municipalities – precursors of local authorities – MOsH built up their teams and their influence; the role was not abolished until the 1970s, with the creation of community medicine, and the shift of public health departments into the NHS (such as Health Authorities and Primary Care Trusts) and the creation of public health directors.² The proposal to move things back again to councils does appear to be historically circular, although the plans may prove positive in terms of improving health and reducing health inequalities – through the potentially greater opportunity to influence the more distal determinants of health.

There is a similar sense of déjà vu associated with the much talked about 'nudge' agenda in public health. The coalition government's plans indicate a preference for nudging people about their health behaviours over more state interventionist options, such as legislation. Is this a new perspective, an ideological shift, or further evidence of the historical roundabout?³

The nudge agenda is rooted in a political philosophy called 'libertarian paternalism', which espouses guiding people's choices in their best interests while allowing them to be free to decide what they wish to do. The philosophical underpinning of the libertarian element of this approach is John Stuart Mill's nineteenth-century articulation that state intervention which might affect an individual's liberty is only warranted when an individual's behaviour may impinge on, or cause harm to, another's liberty. As behaviour such as eating too much or exercising too little primarily harms only the individual, the State is not permitted to coerce that individual to behave differently (though indirectly others may be affected through rising NHS costs).

However, the element of paternalism in libertarian paternalism emerges in the notion that the State can nudge the individual to behave differently. This also builds on theory – psychological and sociological – that is over a century old, but is augmented with current understanding of behavioural change: in particular, how changing environmental cues can prompt behavioural change.⁴

Proponents of nudge (which sits on the lower, health educational, rungs of the Nuffield Council of Bioethics' public health intervention ladder⁵) suggest there could be much to gain through more intelligent, targeted approaches

to informing healthy decision making. There has been success with supermarket trolleys having demarcated sections for fruit and vegetables. Placing fruit instead of sweets at children's eye level near shop tills has had positive effects in terms of choosing healthy foods. But nudge would not favour legislation to reduce salt, banning food advertising aimed at children, or enforcing traffic light labelling of food.

In actuality, a range of interventions have been drawn upon for some time to improve public health. In relation to environmental health, for example, several centuries of legislation to reduce air pollution has been interspersed

with efforts to nudge individuals and industries to play their part – notably, encouragements in the first half of the twentieth century for people to change their domestic heating arrangements away from burning coal ("Many are now switching to gas and electricity").⁶ The same goes for smoking, alcohol, infectious disease transmission, and indeed diet and food. What mother hasn't been nudged about breastfeeding? Who hasn't felt the pressure of doing more physical exercise? Has any Icelandic five-year-old child not been influenced by *LazyTown*?⁷

What is fresh is how the nudge agenda acknowledges the significance of behavioural science, and stresses the importance of researching and understanding what works in terms of aiding people to make choices that result in better health. Ultimately this could provide further strings to the public health intervention bow.

While this is promising, the risk is that too much emphasis may be placed on an approach that lacks an evidence base,⁸ and that focusing on the nudge end of the spectrum will go hand-in-glove with abrogation of responsibility around the vital role that the state must still play in creating the environments in which it is even possible to consider healthy options. Residents in remote social housing, for instance, will find it impossible to eat fresh fruit and vegetables if there are no shops locally selling them. And nudge says relatively little on the importance of sustainability and related issues of food ethics.

Thankfully, in spite of the regular changes, professional public health in England remains in relatively good shape. And the nudge agenda, despite historical familiarity, carries some promise. Bill Murray was, ultimately, able to escape his existential circle through a combination of self-realisation and acceptance that he needed to work purposefully to change his world. Maybe this is the message to those involved in public health at this latest crossroads: work with the nudge, know its limitations, and continue to sensibly strive for health improvement.

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By The Labour Party



By Ian Clark

Nudge government: can it work? Is it fair?



Baroness Julia Neuberger is a member of the House of Lords. She chairs the Lords Science and Technology Committee.

Changing the way that people behave, both individually and collectively, is crucial if we are to be successful in meeting societal challenges, such as the burden on the health service as a result of smoking and drinking, and the need to reduce carbon emissions.

For this reason, in 2010, the Lords Science and Technology Committee launched an inquiry into behaviour change interventions, which I am honoured to chair. Amongst other things, we are investigating how government incorporates evidence from the behavioural sciences in its policy-making processes and how it evaluates whether 'nudging' works.

The inquiry also includes a case study on obesity, looking at the effectiveness of behaviour change interventions in getting people to eat more healthily and exercise more frequently. Our environment arguably encourages people to eat the wrong sorts of food and adopt the wrong sorts of lifestyles. The committee has been investigating how these behaviours can be changed and who is responsible for changing them. We have received wide-ranging evidence – from government, the food industry and health professionals. We have heard arguments in favour of emphasising individual responsibility for maintaining a healthy lifestyle, supported by government and others, and arguments from others calling for more regulation of the food and advertising industries.

Over the coming months we will be reviewing the large amounts of evidence we have amassed. We look forward to publishing our findings and recommendations later in the year, and hope to add to the argument about what does, and what does not work.



Clive Blair-Stevens is a writer, community activist, trainer and social marketer.

The credit crunch was a resounding wake up call to economists – that classical economic theory was seriously flawed in understanding human behaviour. The concept of 'rational economic man', seeing people as self-interested actors, weighing up pros and cons, and making decisions to maximise their benefit, just couldn't adequately explain how people (and markets) behave. While anyone who works with people in communities could probably have told them this, it has taken the rise of behavioural economics to begin to shift economic thinking – better linking economics with behavioural social sciences.

It replaces 'rationality' and 'economic advantage' as the main drivers of behaviour, with a more developed understanding, covering such things as: 'choice architecture', 'cognitive biases', 'discounting', 'loss aversion', and 'status quo bias'. The shorthand for this is known as 'nudging', largely due Thaler and Sunstein's short book 'Nudge'. In this they present a case for a new type of 'liberal paternalism' that looks for different ways to encourage socially beneficial choices such as healthy eating and recycling. It aims to make them easier and simpler by better addressing the context, and how choices are framed.

If this hastens the demise of 'telling people stuff' as the primary way to influence behaviour and encourages more reflection, then it gets my vote. However, on a cautionary note, it is important that 'nudging' is recognised as only one potential approach. Complex social and societal challenges always require establishing 'a mix' of intervention approaches. Let's face it, before the credit crunch would we have just wanted to 'nudge' the bankers, or make sure better regulation was introduced?



Peter Couchman is Chief Executive of the Plunkett Foundation. As part of this role, he is the Director of Making Local Food Work, the BIG Lottery funded programme.

Nudge does work. It is built on our increasing understanding of social psychology, behavioural economics and neuroscience. However, like all new technology, we have to answer not one but two questions. We rightly look at whether a new invention should be allowed based on our understanding of any dangers it poses. But the second, equally important question is: who will control it?

As the coalition Government attempts to push the levers of power down to a more local level it has to realise that the Nudge levers must be handed down too. Why should only governments and corporations be given the power to shape our lives?

We know that community is a powerful part of the Nudge world. What a community we value does, says and celebrates has a deep impact on our own decisions. I would argue that the time has come to help communities become the masters of these tools.

We were delighted to help with this when the BIG lottery funded programme 'Making Local Food Work' launched its recent report on influencing consumer behaviour, which sets out how to use behaviour change at a community level to bridge the gap between willingness to buy local and actual purchases.

Behaviour change tools fit naturally where there is broad community consensus on what needs to happen in the long term, coupled with short-term individual inertia. Using Nudge in those circumstances is both effective and fair.

Making Local Food Work's report can be found at <http://www.makinglocalfoodwork.co.uk/news/news.cfm/newsid/165>



Mark Baird has worked in the drinks industry for 33 years, the last 21 with Diageo, in a number of senior roles. He is currently Corporate Social Responsibility Manager for Diageo GB with responsibility for alcohol policy and CSR.

At Diageo, we fully support the Government's ambition to employ 'nudge' and 'social norm' principles, working in partnerships with businesses to tackle public health issues such as alcohol misuse. Our own experience shows that such techniques can be very powerful in changing drinking attitudes and behaviours. Diageo's 'Thechoiceisyours' campaign was built around research demonstrating that 18 to 24 year-olds rely on their friends' perceptions of them as 'cool and attractive'. Unaware of the social damage that drinking excessively was doing to their image, our intention was to persuade young adults to ask themselves whether they'd like what they saw when they were drinking irresponsibly.

Having identified that there is a key moment during a night out when everyone makes an important choice about whether to drink any more alcohol, our campaign developed around this theme. It ran nationally throughout November 2007 on prime time television and through digital, outdoor and print advertising. The results revealed that 62% were more likely to consider drinking responsibly after seeing the adverts and 95% were pleased to see alcohol companies advertising a responsible drinking message.

In September 2009, Britain's drinks industry announced a five-year £100 million social marketing campaign aimed at encouraging responsible drinking among young adults and shifting attitudes towards drunkenness. The social marketing insights used for this campaign were very similar to those developed for our 'Thechoiceisyours' campaign. The campaign's key message – 'Why let good times go bad?' – is designed to avoid patronising or lecturing young adults. Instead, it emphasises the benefits of responsible enjoyment and offers a range of practical tips and reminders from drinking water or soft drinks and eating food before drinking, to planning a safe way home before a night out. The results from the 2010 campaign showed that 70% of the target audience were more likely to change their drinking habits and 77% had already adopted at least one of the tips.



Sue Davies is chief policy adviser at Which?.

With World Health Organisation statistics confirming our place as the obesity capital of Europe, ambitious measures are needed from government and industry if the barriers to healthier eating are to be tackled, and we are to be 'nudged' towards healthier choices.

While there have been many positive initiatives, such as work on salt reduction, there is a long way to go. Most people know what to eat, but struggle to put it into practice. Finding healthy options when visiting your local hospital, choosing products promoted to children that are actually healthy and making sense of different nutrition labelling schemes shouldn't be such a challenge.

Action is also needed to reduce unnecessary saturated fat levels in foods and to take excess calories out of the food chain. Vast amounts of food are eaten outside the home, but healthier choices aren't always easy to find or choose. Price is an increasingly important factor, and while voucher schemes and subsidies for fruit and vegetables are under way through Change4Life, other financial incentives also need to be looked at, including supermarket price promotions.

As well as comprehensive actions, different mechanisms are also needed. The Responsibility Deal, which brings companies and other stakeholders (such as Which?) together to debate and sign up to voluntary pledges, could be one way of achieving change quickly in some areas. But its success depends on ensuring robust pledges, sufficient coverage and clarity over what government will do if there is insufficient progress.



Christine Haigh has worked to promote and support urban food projects for many years, and is now at Sustain as Children's Food Campaign manager.

There may be examples where 'nudge' government has succeeded, but it's unlikely to work when other factors are exerting a strong pull in the opposite direction. Take, for example, the government's Change4Life anti-obesity campaign, which aims to get people to make small changes to their behaviour. As part of its 'Great Swapathon' launched in January to capitalise on people's good intentions for the New Year, 'swap voucher' booklets gave discounts on healthy food products, activities and exercise accessories marketed by various Change4Life 'corporate partners'.

The intention to nudge consumers into buying healthier products is laudable, and the use of vouchers a tried and tested marketing method. But it's difficult to see how it is likely to succeed when many of Change4Life's corporate 'partners' are spending the vast proportion of their enormous marketing budgets persuading people to consume unhealthy products. Just last year, Change4Life partner Kellogg's ran an aggressive advertising campaign encouraging children to eat one of its most sugary cereals as an after-school snack.

Corporate involvement in the campaign is also deflecting attention away from the kind of changes that would help to transform the obesogenic environment in which we live – changes which would most benefit disadvantaged sections of society, where obesity rates are highest. For example, the government could legislate to protect children from junk food marketing which would shift food promotion towards healthier products. Instead, we've seen leaders cancel plans to make healthy free school meals available to almost a million children from low-income families – hardly fair or effective. There's a crisis in our nation's dietary health and decisive government action is needed. Tentative nudges are no match for the strong-arm corporate shove.

Enabling sustainable lives

Will 'nudge' be enough?



The goal of sustainable lives is not a 'nice to have' someday but an essential priority for governments right now, writes **SUE DIBB** of the Sustainable Development Commission (SDC). In its new report, the SDC identifies what is needed to catalyse the transformation towards sustainability in all aspects of our lives.

An increasing number of us recycle, insulate our lofts and choose more 'green' and 'healthy' products, but we are far from living lives that are sustainable for future generations. It's an oft-quoted statistic but still powerful – if the whole world consumed as we do in the UK we would need three planets to sustain everyone. Our daily diet is a large part of that footprint. Living within our means is not a 'nice to have' someday. It is today's necessity and an essential priority for governments right now. Climate change, species loss, habitat destruction, resource depletion, water quality, and food security – the roll-call of concerns from unsustainable living is mounting. To ignore these impacts today is to load an un-payable mortgage on our children's wellbeing tomorrow.

Yet the evidence from the SDC's latest research, *Making Sustainable Lives Easier: A Priority for Governments, Business and Society*, shows that government action to date in addressing these challenges has been too timid, too fragmented and doesn't yet address the scale of the challenge. As government sustainable development advisors, the SDC's Enabling Sustainable Lives project aims to assist the UK, Welsh, Scottish and Northern Irish Governments to develop strategies that enable more sustainable living in our homes and communities, in the way we travel, the food we eat, the products and services we buy and our health, education and wellbeing.

So what is getting in the way of what's needed? That's the question we asked over fifty government officials and experts from business, academia and NGOs. The lack of a clear vision of what sustainable lives in the future might look like, and a coherent set of policies that put us on the right pathway were significant barriers. As one business participant in our research put it: "There is a crying lack of strategic vision of where we want to get to." The overwhelming predominance of consumerism within our society and economy was a further challenge to motivating sustainable behaviours.

Mixed messages from inconsistent or contradictory policy decisions were a further problem, creating confusion and

undermining existing buy-in. VAT reductions by the last government to 'kick start' the economy and the decision to build a third runway at Heathrow were cited as such examples. The low level of public acceptance was further attributed to the perception that sustainable behaviour costs more, that people are simply not convinced of the case for change, and to poor government communications.

We conclude that the change needed to catalyse this action will be impossible without strong leadership and investment from governments. Participants in our research envisaged that an essential role for governments was to provide a framework that requires, supports or allows others (including business, communities, civil society, and individuals) to take action.

The roll-call of concerns from unsustainable living is mounting

In the case of food policy, Food 2030¹, the previous administration's food strategy was groundbreaking in providing a cross-government framework towards a sustainable food system. The SDC had successfully argued for such an approach². But shortly after this success the change of government in Westminster took the wind out of Food 2030's sails. It now lies in the doldrums, becalmed by a 'not invented here' attitude and a lack of commitment towards some

of the potentially catalysing initiatives such as Healthier Food Mark, intended to establish healthy sustainable food via public sector food procurement, and the Food Standards Agency (FSA) led Integrated Advice to Consumers project.

A focus on 'delivery' by the new administration rather than 'strategy' raised expectations but even the idea of a delivery plan has now fallen by the wayside. In part, this is driven by deep cuts taking place within government departments (29% from Defra). But it's also indicative of the major shift in how the coalition government intends to do business, with its commitment to 'smaller government', 'big society' and 'localism'. An emphasis has been placed on voluntary 'responsibility deals' with business coupled with 'nudge' to drive behaviour change – what has been termed 'non-bureaucratic alternatives to regulation'.



By Stringberd - Ashley Vale allotments.

We've seen some indication of what this means in practice. Andrew Lansley's public health reforms include 'responsibility deals' with industry to tackle public health challenges including obesity. These deals appear to fall short of what SDC sees as best practice. Unlike the government backed Courtauld Agreement with business – to reduce waste and packaging – or the FSA's Salt Reduction Campaign, we understand there are no plans for stretching targets, monitoring or reporting on progress. Initial plans for supermarket money-off vouchers for healthier foods have been criticised as a marketing opportunity for companies.³

Certainly, the government officials and experts that we talked to as part of our research were uncertain what the coalition government's agenda will mean for their work, and for enabling sustainable lives. They questioned "will nudge be sufficient?"; "where will funding and capacity for Big Society come from?"; "will localism mean inequalities between areas?"; "will business deliver without incentives?" They wanted government to clarify how these political agendas will be used to support and enable sustainable lives.

In our daily lives, too few of us can easily make sustainable choices. We live in poorly insulated homes, find it difficult to leave our cars behind without affordable, accessible, convenient and safe alternatives, and are surrounded by unhealthy food choices promoted as desirable and attractive. The growing number of people who try to 'do the right thing' often find themselves swimming against the tide of society's norms.

Our research shows the need for more concerted approaches to addressing our behaviours: fundamentally changing the context in which we live our lives so that sustainable choices can become the norm. Hence the focus of our work is on exploring how every one of us – not just 'green' pioneers – can

be enabled or helped in a range of ways to live more sustainable lives now, and in the future.

So where do we think 'nudge' fits in and can it deliver the scale of transformation necessary to enable sustainable lives? We welcome the current political interest in behaviour change. Using behavioural science to understand how people behave in the real world, rather than how economists or politicians would like us to is essential for developing ways of engaging and motivating sustainable behaviours. The evidence that choice architecture (the structural context in which we live our lives) largely determines our behaviours is well quoted by Nudge⁴ authors, Richard Thaler and Cass Sunstein, as well as the authors of *MindSpace*⁵, the Cabinet Office commissioned work that sought to translate 'nudge' into a UK context. According to its proponents, a 'nudge' intervention must be easy and should not forbid choice. Yet evidence to support the effectiveness of nudging alone is weak⁶. The problem is that, in reality, enabling behaviour change usually requires a package of interventions.

Ruling out mandatory approaches ignores the evidence of what has driven change towards sustainable behaviour to date. For example, uptake of energy efficient white goods has been driven by mandatory A-G energy efficiency standards coupled with legislative requirements on business (through the Carbon Emissions Reduction Target) to subsidise the price of more energy efficient models to consumers. Similarly, improvements in rates of household recycling have been driven by European targets and escalating costs to local authorities from the mandatory Landfill Tax. Vehicle emissions only showed significant improvement when mandatory targets were introduced – after a voluntary agreement with Europe's car makers failed to deliver.

Creating environments and communities where sustainable choices are the norm is simply impossible without determined and systematic use of the full range of levers that governments have at their disposal to encourage behaviour change. This means being prepared to use appropriate interventions including regulation, providing incentives, economic levers and standard setting wherever the evidence shows that they are effective, alongside information and education campaigns and other people-focussed 'nudges' and incentives.

We recognise that behaviour change is complex. Enabling sustainable behaviour is particularly challenging because of the disconnection between the immediate benefits of unsustainable choices, and the longer term negative impacts on the environment, society and themselves. Social science can help policy makers understand why people behave as they do and help design more effective policies and interventions to support behavioural goals.

Yet our research found a gap between the body of evidence which exists in designing interventions and its support and use by policy makers. Our report makes a number of recommendations to build government's capabilities, ensure better evaluation of behaviour change interventions and develop cross-government learning.

Policymakers may be uncomfortable with the idea that they have a role in influencing people's lives and values. But it is fanciful to suppose that government can ever be entirely neutral. All government policies, as well as business strategies, 'nudge' us in one way or another.

The SDC's research shows the need for new approaches that shift our fundamental behaviours. It means not placing too much emphasis on any one mechanism, but using an appropriate combination of levers. We advocate an approach that uses four key pillars to underpin the transition to more sustainable lives:

- A clear positive vision for sustainable lives that engages all players and is clear about the priorities for action to achieve the goal of sustainable lives.
- Making it easy by providing a framework that uses the full spectrum of levers and incentives to enable us to do the 'right thing' more easily.
- Working with others through better collaboration and better partnerships between national and local governments, civil society organisations, businesses, communities and people themselves – all play a vital role in the transition to sustainable lives.
- Building capabilities and using evidence to create a better understanding of what works in practice, and using this knowledge in policy making.

The transition to sustainable living demands changes in underlying structures – changes that strengthen social behaviour and support the social good. Government is the principal agent in this task. Our evidence confirms a mandate for this role which extends across the business community, third sector organisations and the public. A new vision which embraces this role is vital.

Making Sustainable Living Easier can be downloaded from www.sd-commission.org.uk

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Sue Dibb is an SDC Commissioner. For the last ten years the SDC has championed sustainable development within Government. Their role in advising, scrutinising, and building the sustainable development capabilities within the governments of UK, Wales, Scotland and Northern Ireland ceases at the end of March as government funding is withdrawn. SDC's reports can continue to be downloaded from www.sd-commission.org.uk.

Nudge, think or shove?

Can 'nudge' create real social change? Would we have nudged our way out of slavery or towards votes for women? It is highly unlikely.

'Nudging' is an important part of the policy toolkit, working best where we are aiming for limited and specific behaviour change, like increasing recycling rates. It is often underpinned by 'shoves' – regulation that makes the nudge more culturally acceptable and creates an infrastructure to support it. Without recycling facilities we won't recycle, no matter the nudge.

Nudging and social marketing approaches take people's values as a given and seek to motivate them on the basis of

their existing preferences. An interesting debate sparked by the WWF report 'Common Cause' suggests that such approaches can reinforce the very values that cause unsustainable behaviour.

In any event, most of the major political problems we face today are not just technical challenges but adaptive challenges. This requires far more deliberative methods of engagement – what might be called 'think'.

'Think' is about helping people learn more about the genuine complexity of the issues, reflecting deeply on their values, and considering how they ought to live. These kinds of interventions are

easiest in formal learning environments such as school. But there are many examples of 'think' interventions outside school: participatory budgeting, "Transition Towns", and the educational work of many community based NGOs.

Let's remember Margaret Mead's oft quoted remark: "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has." Only 'think' can help develop those committed citizens.

Hetan Shah is Hetan Shah is the chief executive of Think Global (www.think-global.org.uk). A full briefing note 'Nudge, Think or Shove' is available on their website.

Values matter

Motivations for behaviour change



TOM CROMPTON, Change Strategist at WWF-UK, argues that a high level of motivation is required to engage carefully and deliberately with the dilemmas of choosing ethical food. There are many issues of concern, not least the welfare of producers in developing countries, greenhouse gas emissions, water usage, farm animal welfare, impacts on farmland biodiversity, dwindling fish stocks, and the many trade-offs between these issues

Those working to reduce consumption of unethical food face a difficult challenge. They can approach this in one of two ways: by working towards increasing people's motivation to choose to eat more ethically, or by campaigning for increased choice-editing of less ethical foods. This article argues that both these responses must rely, in part, upon an appeal to particular cultural values.

In the case of motivating citizens to make different shopping choices, insights from behavioural economics quite rightly highlight the limitations of simply appealing to facts and information. Some of these limitations arise from the inevitable consequences of our inherent biological biases, but others arise as a result of the values that we hold to be important – which are determined by our cultural context, and about which behavioural economics says little. Approaches to encouraging some specific and simple behavioural choices can perhaps be developed without considering the role of cultural values. But values rapidly become of importance in considering more systemic and difficult changes.

Motivating citizens

So the choices that people make in responding to complex dilemmas about ethical food are shaped in part by the values that they hold to be important. But the significance of values runs deeper: they are also of critical importance to the other approach to promoting ethical food – through greater choice-editing. If choice-editing is to help in alleviating the difficulty of making ethical decisions about food, it will be because people express concern, and begin actively to demand interventions in the market.

The planned introduction of these interventions often meets with resistance from the food industry, and will therefore require bold political leadership. But this leadership, in turn, will rely upon concerted support from a concerned and vocal electorate – and widespread civic involvement. The evidence from social psychology suggests that such concern and activism will arise in essential part as a result of our coming to

attach greater cultural importance to particular values – much the same set of values, in fact, as those which motivate people to choose ethical food.

Values are aspects of people's identities that reflect what they deem to be desirable, important, and worthy of striving for in their lives. A large body of work in social psychology reveals a well-defined range of values which are encountered in many different cultures.

Within this range, social psychologists identify one set of values as 'intrinsic' and 'self transcendent'. These are values which include concern for protection of the welfare of other people and the natural world. Such values are aligned in opposition to 'extrinsic' and 'self-enhancement' values which include concern for personal success and social status. Importantly, it seems that most people hold both these sets of values to be important – but at different times, and with different emphasis.

Because these two sets of values act antagonistically towards one another, it is psychologically very difficult to privilege both intrinsic or self-transcendent and extrinsic or self-enhancement values at the same time. An experience that strengthens the importance a person attaches to extrinsic or self-enhancement values is likely to diminish the importance that they attach to intrinsic and self-transcendent values, and is therefore likely to undermine their motivation to behave in ways that are socially and environmentally helpful.

Studies show that the choices we make when buying food are related to the values that we hold to be more important. Studies have found that people who, on the whole, consider intrinsic and self-transcendent values to be more important tend to have more positive attitudes toward organic food, and are more likely to buy fair-trade foodstuffs. They are also more likely to express concern about animal welfare.

This is all well and good, but cultural values are shaped by a

range of experiences over the course of a person's lifetime. Important as they may be in influencing people's choice about food, surely no civil society organisation or government department with a concern about food ethics can seriously contemplate working to help strengthen intrinsic and self-transcendent values?

But, of course, the importance of values doesn't stop with choices of food. People who attach particular importance to intrinsic and self-transcendent values are also found to be more concerned about global conflict and human rights abuses, more supportive of arguments for the free movement of people, and less prejudiced towards outsiders – whether on the basis of race, religion or gender – than people for whom these values are less important. People who attach importance to these values are also more likely to express concern about environmental damage, and more likely to behave in environmentally friendly ways.

Moreover, people for whom these values are more important are also more likely to engage politically – either with the electoral process, or in demonstrations and other civic activities. As I've argued, civic involvement is critically important if public concerns are to be brought to bear in changing the policy or legislative environment.

Anyone expressing a concern about any of a wide range of social and environmental issues should therefore take an interest in the cultural influences that help to shape people's values. This applies as much to people campaigning on food ethics as it does to those working on climate change, global poverty, or social exclusion in the UK.

It seems that there are many factors which serve to strengthen particular values. Values are beliefs about what is important in life, and, like other beliefs, they are learned. Thus, people tend to internalize, and attach greater importance to, the values of those around them – their parents, teachers, peers and cultural role-models. Values are also probably influenced by the commercial marketing to which people are exposed, and the media that they consume.

A person's education also has an important impact on their values: studying law or economics, for example, has been found to increase the priority that students place on extrinsic and self-enhancement values, and to diminish the importance they attach to intrinsic and self-transcendent values.

Public policy and people's experience of social institutions are also likely to have an important effect on the values they prioritise. For example, citizens of countries that have adopted more competitive economic systems tend to place more



By McBeth

importance on extrinsic values. Here it is difficult to establish whether pursuit of certain policies has led to shifts in cultural values, or whether changes in cultural values created the political pressure for institutional reform. In fact, the evidence suggests that cultural values both influence, and are influenced by, public policy.

Finally, the activities of campaign organisations will also have an effect on people's values. These activities will serve to activate particular values amongst those who are exposed to campaign materials or activities. For example, a person's experience of contributing their time to help with a campaign may serve to strengthen their sense of participation and common purpose – something that is likely to activate, and

contribute to strengthening, intrinsic and self-transcendent values.

These results, taken from a wide range of studies in social psychology, have profound implications for the way in which those concerned about social and environmental issues campaign for change. It is to these implications that I now turn.

One implication of an understanding of the importance of cultural values is that it simply doesn't make sense to

compartmentalise a particular issue (for example, transport or food choices), launch a campaign to urge behavioural change on this issue, and yet disregard the impacts of this campaign on other areas. For instance, it may be that an effective way to encourage people to leave their car at home and cycle to work is to appeal to their wallets and highlight the money that they will save.

But we need to examine the possible impacts that an appeal to financial savings will have in other areas. It seems likely, for example, that such a campaign would undermine people's motivation to choose more ethically-produced foods, which often carry a premium. More generally, we need to consider the likely impact that a focus on financial concerns will have upon the importance that people attach to intrinsic and self-transcendent values. The evidence suggests that such a focus will actually serve to strengthen opposing extrinsic and self-enhancement values.

In other words, in working on any one issue – food ethics for example – we also have a responsibility to examine how our campaigns contribute, through the values that they serve to activate and strengthen, to building public concern about other social and environmental issues.

Applied to the work of government, this suggests that public policy which stresses the importance of pursuing individual self-interest, or which takes financial performance as a primary indicator of success, is likely to diminish the cultural significance of intrinsic and self-transcendent values. Yet it is precisely these values upon which widespread public concern about social and environmental issues, and public willingness to volunteer to help address these issues, must necessarily come to be built.

Other opportunities become apparent in the light of an understanding of cultural values and their link to behaviour. For example, it can be seen that a wide range of civil society organisations might work together to tackle some of the factors that currently serve to strengthen the cultural significance of extrinsic and self-transcendent values. Consider advertising.

Many organisations with a concern about public health have long campaigned on food advertising because of concerns about particular products (for example, foods with a high salt content). But now it can be seen that there is an additional reason for these organisations to express a more general concern about the volume of advertising to which people are exposed. Many of the estimated 1,600 advertisements we see each day model high social status or financial success – thus serving to reinforce extrinsic and self-enhancement values. Yet the cultural prevalence of these values is likely to undermine concern about general public health.

Working alone, an organisation with a focus on the environmental or health impacts of our diet is unlikely to take up a campaign targeting the more generic impacts of advertising. But working collaboratively with other organisations, representing a wide range of social and environmental concerns, this may make perfect sense.

Most governmental and non-governmental organisations share an interest in urging people to express concern extending beyond their immediate self interest. These organisations should begin to respond to the large and growing body of evidence for the importance of values in shaping our attitudes and behaviour.

Tom Crompton, Ph.D., is Change Strategist at WWF-UK, and author of the recent report *Common Cause: The Case for Working with our Cultural Values*, published jointly by COIN, CPRE, Friends of the Earth, Oxfam and WWF-UK. For more information, see www.wwf.org.uk/change. WWF-UK's Livewell 2020 food campaign was launched earlier this year. For more information, see: www.wwf.org.uk/livewell2020.

There are many factors which serve to strengthen particular values

Analysis on a plate

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The power of nudge

Persuading citizens



Sustainability is arguably the most pressing political problem of the 21st century, writes **ALAN WARDE**; a consequence of climate change and environmental degradation and depletion, exacerbated by a predicted massive expansion of the world's population. Can 'nudging' help meet this challenge, and what does it tell us about ourselves and our government?

Patterns of personal and household consumption are major sources of pressure on the environment and our modes of food provisioning a significant contributory factor. The preferred response of political elites is technological innovation without restricting economic growth. However, those governments that seek to address sustainability through personal behaviour change programmes, are implicitly admitting the technological approach may be insufficient

Behavioural economics is on the up. It thrives on showing that the formal axioms of neo-classical economics about market behaviour and the operation of markets make little empirical sense. People in market situations (and by analogy other situations of 'choice' and decision) do not calculate rationally on the basis of perfect knowledge and in the light of fixed intransitive preferences.

Rather, behavioural economists cite recent developments in cognitive science revealing that a great deal of our behaviour is governed by mental processes that are automatic, intuitive, emotion-driven, involving little deliberation or rational thought. Rational, calculating, self-aware, independently-minded consumers we certainly are not. Thaler and Sunstein, in their much acclaimed book *Nudge: Improving Decisions about Health, Wealth and Happiness*, apply themselves to thinking about how these newly appreciated features of the human mind affect our everyday conduct and have consequences for our personal and collective well-being.

Nudge begins from the understanding that the brain has two systems generating behaviour, one 'automatic' (uncontrolled, effortless, associative, fast, unconscious and skilled), and the other, 'reflective' (controlled, effortful, deductive, slow, self-aware and rule-following). We employ the first far more, resulting in biased judgments, difficulties in resisting temptation and a strong tendency to social conformity. Avoiding the detrimental consequences of our naturally rash behaviour would therefore help us get what we 'really', and better 'choice architecture' is the solution.

Knowing our failings and weaknesses, mechanisms for intervention can guide us to better decisions. Defaults, infrastructural design, feedback on the outcomes of our actions, and properly aligned economic incentives can predispose us to choose courses of action that will enhance personal and/or collective welfare.

For example, in countries where one has to opt out of a national organ donor scheme, around 90% of dead bodies are available to medicine; in 'opt-in' schemes it's around 20%. Most would agree that a positive collective outcome is achieved in the former case, without compulsion. Hence the motto, 'libertarian paternalism', a 'third way' between laissez-faire and imperative regulation; you can always do otherwise, but the default option is doing what is best for you and everyone else.

Thaler and Sunstein devise many nifty wheezes to secure better outcomes. Some

concern personal behaviour and aim to prevent people doing themselves or others harm by setting the parameters for individual decisions, in a permissive way, to maximise benefit. Others are matters of wider collective economic arrangements, though here almost the sole lever advocated is creation of new markets or changing market incentives.

The appeal of Nudge to governments of western democracies is understandable. Compelling citizens – by law or regulation – to take fewer risks to their health or the shared environment in their daily lives has become very difficult, not only in the USA with its exceptional hostility to state intervention.

In response, governments (not only in the UK) seek to offload onto private citizens what might be considered their responsibilities and obligations, to shape and steer the social and institutional arrangements which frame people's everyday lives. Nudge provides a means.

It indicates ways to achieve change at low cost, without major institutional upheaval that would upset powerful vested interests, and at little risk to the government's reputation (since the problem is not their responsibility). It offers an apparently new set of policy levers, promoted under the auspices of economics, the most respectable and valued form of social scientific knowledge and advice. It promises a solution to a diverse range of major intractable problems – anti-social behaviour, obesity, climate change. And it might work. You would expect governments to grab it wholeheartedly.

The message of Nudge has filtered through remarkably quickly to the highest levels of British policy. It is, for example, recommended by the Department for Business, Innovation and Skills (BIS) and Defra (albeit equivocally), and is at the core of *MINDSCAPE: Influencing Behaviour Through Public Policy*, a prominent report of the British Cabinet Office and the think-tank the Institute for Government.

Though commissioned by the previous government, the latter report's findings and recommendations will be equally appealing to the current administration; it is measured, suitably cautious about

the robustness of the evidence from the youthful science of behavioural economics, and not obviously politically partisan.

Significantly, though, from the point of view of environmental and food policy, it is solely concerned with facilitating individual behaviour change, disregarding the second (already limited) dimension of Nudge. Although it explicitly identifies nudge as a complementary technique, insufficient on its own to deal with many problems, structural and institutional changes are not discussed.

There is a deep irony involved here. You might think that if markets give us things that are bad for us individually and collectively (such as the many instances of market failure), it would be the government's responsibility to change markets. Apparently not: the preferred solution is to change us.

Will the proposals for effecting individual behaviour change work, and will they be enough? The objection that comes first to most lips is whether people will, or should, accept interventions to change their behaviour. Is this the slippery slope to authoritarian governments secretly and surreptitiously manipulating the minds and practices of the population?

I do not fear for my civil liberties because as far as I can see, the types of interventions under consideration are ones which aim to maximise welfare in situations where consensus already exists on objectives, and/or where indifference or inertia characterises the population. In such circumstances nudging will work and I can't see it as anything but good (such as the organ donation default).

By contrast, in situations where there is an apparent clash of interests, and vocal or organised resistance, the necessary level of consent will simply not be forthcoming and effective nudging will prove impossible. I'm confident that democratic opposition, mass media and consumer movements will see to it.

Nudging will probably be ineffective in situations of intense market competition. In the market for food lots of nudging is already happening, but driven largely by the logics of consumer choice and company profitability.

Since supermarkets have considerable power to influence what people buy, and if changing diets to enhance customer and national collective health welfare is the objective, targeting the supermarkets' practices, rather than those of their many millions of customers, would surely be easier and more effective. In such circumstances nudge is much more problematic and might be seen as a subterfuge to avoid more effective, but politically unpalatable, forms of intervention.

A second question is whether agents currently operating with different models of human behaviour and therefore different techniques to influence people, will readily sign up.

Most policy is based on an understanding that individuals are alert, consciously choosing what they want and what wish to do, in the light of their values and attitudes; their actions are reflective and intentional. This model, dominant among educated Europeans and all social sciences since the mid-20th century, haunts the stage. This is partly because it parallels and sustains the model of the sovereign consumer basic to the legitimisation of market exchange and, increasingly, of political action.

Part of the beauty of Nudge is that it takes people as they are at their worst – selfish, lazy, thoughtless, distracted – and proposes techniques or procedures for getting them to behave in their own and everyone else's best interests.

Consistent with the major tradition in modern economics, it matters not a damn what people think, nor what their values are; all that matters is what they do. And if they can be nudged into better behaviour – providing that they would not, were they to reflect on it, find such conduct abhorrent in principle – then that is enough. Such mindless and unintentional virtue is, however, anathema to many groups well dispersed across the political spectrum.

The model of human action underlying Nudge is neither comforting nor flattering, and many sections of society – particularly elites and the educated middle classes – like to think of themselves as being in control, self-

directing, capable of deciding what they ought to do, masters of their own fate. Moreover, typically they tend to feel that everyone else can and should behave like this too; should not a person have to positively deserve health, wealth and well-being?

Accordingly, adoption of behaviour change policies in political circles has insisted on citizens assuming greater 'personal responsibility', moralizing issues in line with the model of individual sovereignty. Yet, if the mind works as Thaler and Sunstein say it does, our lines of action do not arise from consulting our values and attitudes about our probity or the greater good, but are rapid responses to cues provided in the external environment, conjured up from habits and intuitions about the nature of the situation in which we find ourselves. This implies that to alter behaviour requires changing the environment of action rather than changing people's minds.

Without doubt, useful and positive lessons about promotion of the public good can be derived from Nudge regarding how to design infrastructures, set defaults, and anticipate the effect of the reception of messages by individuals and groups. Nudging people to act in a collectively beneficial manner is admirable. Yet, while every little helps, the scale of the effects which might reasonably be anticipated is limited.

The real question is whether changing individual behaviour is a sensible place to start if one wants radical reform of patterns of consumption. It is organisations with power and strategic capacity that can make most difference in the majority of the areas of concern over sustainability. Importantly, organisational decision-making is not analogous to the processes of the individual mind; decisions are planned, calculated, reviewed and directed. Nudge is not the obvious technique for governments to alter the way corporations, or indeed bureaucratic public bodies, operate. Over-reliance on nudging individuals brings to mind the moving of deckchairs on the Titanic.

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Sustainable policy making

Bringing green behaviour home



REBEKAH PHILLIPS, senior Policy Advisor at Green Alliance, says that David Cameron's pledge to make the coalition the "greenest government ever" has huge implications for policy designed to drive sustainable living. The following article draws from Green Alliance's new report *Bringing it Home*, to be launched in March 2011. This will be the second report published as part of Green Alliance's Green Living Consortium.

At a recent Green Alliance event, Lord Henley made it clear that "[T]he government's pledge to be the greenest ever is not a choice, it's an imperative. There is no point in rebuilding the economy unless it's a green economy: one that actively prevents waste and accurately reflects the value of our natural resources."

Another guiding principle of the coalition's philosophy is a consideration for future generations. Nick Clegg, in his 'horizon shift' speech of September 2010, detailed how the coalition must take the necessary steps to avoid future generations bearing the economic and environmental costs of today's lifestyles. He argued that reform and change today is necessary, even if it means taking some difficult, unpopular decisions. This would be a government "where fine words on the environment are finally translated into real action" he promised.

Challenging targets

These ambitions are challenging, and they are supported by equally challenging targets. The legally binding 2008 Climate Change Act requires the government to set us on the trajectory to reduce carbon emissions in our economy by 80% by 2050. The recent 2050 Pathways analysis report by the Department for Energy and Climate Change (DECC) has shown that this can only be achieved with 'ambitious per capita demand reduction' – meaning a radical reduction of home energy use. Chris Huhne, DECC's secretary of state, said last year: "We must take action on energy saving. For too long, the debate around energy has focused on supply."

However, current trends in energy use worry policy-makers. Home energy use has been increasing steadily since the 1970s due to increased heating and the number of electrical appliances we use. The fact that our homes are slowly becoming better insulated and appliances are taking less and less energy to run, shows that we cannot achieve demand reduction through technology and efficiency savings alone. A significant proportion of household emissions reductions will have to come from tackling trends in habitual appliance use inside homes.

The government is currently reviewing how it can achieve its target of a zero waste economy, and is due to publish results in the summer. This will include pushing recycling up from its current average of just over 40%. It also encompasses meeting strict targets from the EU on reducing biodegradable waste to landfill, which, by 2013, must be 50% of the waste that went to landfill in 1995, and reduced by a further 50% by 2020.

Water use is not increasing particularly fast (a one percent increase between 2001 and 2008), but the number of households in the UK is growing (the Climate Change Committee assumes a 30% increase in households by 2050) and the UK Climate Impacts Projections published in 2009 show that we are facing greater unpredictability in rainfall, and longer, drier summers in coming decades. So government must make a finite amount of water go further. In addition, water use has a particularly high carbon footprint; it's the second biggest user of energy in the home, so tackling water use will be vital to reaching our climate change targets.

Reversing lifestyle trends on a large scale will be no easy task. In many cases the high-carbon, resource intensive option is often pre-programmed as the cheap, easy and socially accepted route, while sustainable living can be harder, more expensive and outside the norm. The coalition is aware that they have a long way to go in making it easier for people. Lord Henley again: "Because, despite the good work that's already being done, doing 'the right thing' for the environment is still a minefield of confusing, often contradictory information and advice."

Evidence of confusion

In 2010, Green Alliance's Green Living Consortium carried out ethnographic research with six randomly chosen households from around the country. A video researcher followed them for three days to see how they live and why they make certain choices that impact on the environment. Ranging from a pensioner to a student house-share, some were from urban locations, others rural. Some owned their homes and some rented, yet these households all showed similar confusion with regards to what they should be doing to live more sustainably, and they faced a multitude of barriers even if they had the

motivation to act. These families are exemplars of what many people are facing across the UK. Theirs are the reasons why many people are not using less energy, separating out their food waste or taking more notice of water efficiency.

They also show what is now well-known in the academic world: that our behaviour is shaped not only by rational, conscious deliberation, but also personal emotions and psychological quirks; social and cultural norms; the immediate context of our actions and the wider infrastructure into which our lives fit. They show that when a policy is designed with human – and business – behaviour in mind it can have a very powerful effect. For example, none of our households had sought out information on energy efficiency, or had read information that was automatically provided. Where home-owners had installed insulation it was as a result of door knocking, incentives and the influence of neighbours. In addition, the households who didn't own their own homes lacked the capacity to improve them.

"We got a government grant to have our cavity walls filled...at the time we were told it would make a price difference to out heating bills, and I think it has actually."
Sway family

Although recycling was easily the most common environmental behaviour, not all of our households recycled. And in those that did there was confusion over what could and couldn't be placed in the recycling bin, particularly when the type of recyclables collected was changed.

"People are confused about what they can recycle. Everyone is...we are, aren't we?"
O'Brian family

None of the households knew much about water efficiency. The only family that did was due to the mother's upbringing in Australia where water efficiency has a lot of coverage.

"You don't hear them pushing about it...using water doesn't sound as harmful as using the electricity..."
Nesbitt family

A step in the right direction

Recent interest in behavioural economics, including the book *Nudge*, and the Cabinet Office report *MINDSPACE* has led to some promising changes in government, such as a new Behavioural Insights Team, informally known as the "nudge unit", in the Cabinet Office, tasked with finding more cost-effective and less bureaucratic ways of changing behaviour. The Treasury has also recently launched a cross-departmental Behavioural Science Government Network, and individual departments have created their own resources, such as DECC's 'customer insight team'. This interest is clearly encouraging some policymakers to think about human behaviour more when they design policies.

Beyond Nudge

However, there are also some risks associated with government's focus on Nudge. While behavioural economics

provides some useful insights about human behaviour, it is only a partial perspective. Focussing primarily on individual behaviour, it often takes into account the effects of society and infrastructure only in so far as they are obvious and affect the immediate "choice architecture" – the context in which an individual decision takes place.

It often takes less account of the fact that people are constrained by other factors – what Andrew Darnton calls the "hard and soft infrastructure of our lifestyles", such as the roads, laws, working practices, price signals and traditions of the society we live in.

Nudge is an ideological interpretation of behavioural economics and uses its insights only to support "non-coercive" interventions. In the book a 'nudge' is described as "any aspect of the 'choice architecture' that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives." If government limited itself to 'nudging' people, this would dismiss a number of useful policy instruments from its toolkit.

Fortunately the government does seem prepared to consider legislation in some circumstances, for example, in relation to preventing private landlords from renting out the most inefficient 'F' and 'G' rated houses, where legislation is essential to drive action.

It will be very difficult for nudges alone to deliver change on the scale and within the timeframe needed to meet our environmental challenge. As Dr Adam Corner of the University of Cardiff, argues, approaches such as Nudge have been shown to achieve "well-defined behavioural change on a piecemeal basis." However, it is questionable whether it alone is the "right tool for catalysing the individual, social and political shifts necessary to make the transition to a low-carbon society."

In the absence of a strategic approach to policy making, there is a danger that success in changing one behaviour may be undone by triggering unintended consequences in other aspects of life. In home energy efficiency this might involve 'take-back' (householders turning up the heating after installing insulation), or the 'rebound effect', spending money saved on energy bills on new electronic gadgets.

The evidence from our research shows that to achieve its ambitions government will need to introduce a comprehensive policy suite using the many tools at its disposal, beyond mere 'nudges'; building on the growing academic knowledge and evidence base of what drives individual and collective action. The coalition government has pledged to help individuals reduce their impact in certain areas and work is underway on initiatives such as the 'green deal'. We await the development of the broader framework for individual policy efforts such as this.

For more information please see: www.green-alliance.org.uk/greenliving.

Rebekah Phillips is a senior policy adviser who leads Green Alliance's Green Living theme; helping government to understand how it can enable and encourage people to live greener lives

Nudge theory

Here to stay



ED MAYO, Secretary General of Co-Operatives UK argues that nudging can play a part in government-sponsored behaviour change, but only if the government has a legitimate mandate for promoting those changes.

Nothing could be more sensible and straightforwardly acceptable than a government elected by the people having a good understanding of its own citizens when it comes to taking action.

Nothing could be more bizarre than the practice over decades by successive governments of taking action that had little or no depth in terms of that understanding. If nudge government is bringing sense to policy in terms of that understanding, it's high time, and we shouldn't read it as a fad or a product of dissenting schools of economic thought. It is here and it will stay.

So does it work? There is a simple answer: taking account of people's behaviour works a good deal better than ignoring it.

I set up a programme after the 2004 Public Health white paper in England to equip the NHS to use the growing array of 'social marketing' techniques emerging in a health setting worldwide. Working with Professor Jeff French, a long time health advocate, we collated convincing evidence of case studies and long-term interventions, from the Truth campaign on smoking in the USA to the imaginative Recycling Lottery in Norway.

A simple story that bears this out is the difference between smoking policy in Australia and the UK since the 1970s. Here, civil servants stuck their fingers in the air and said "let's cut smoking by persuading people who smoke to give up." What could be more obvious?

In Australia, they looked first at people's behaviour and asked which groups were

the easiest to influence. As a result, they targeted a different segment of the population, particularly young people who had never smoked. Since that time, Australia has vastly outperformed us in terms of the reduction in smoking rates – this ashes contest England has lost badly.

This story also makes the point that nudges are not all about behaviour change. They can be about behavioural reinforcement as well.

Nudges need to focus on what works, not what is simply novel

So the essential argument for nudges is that it is about understanding the people who are involved in any policy government is trying to deliver. This has to be done in an effective way, with real insight, rather than relying on shallow polling.

There's an urban myth doing the rounds that someone recently counted up the surveys done in one year across government on the same group of 18-24 year olds. They stopped when they got to over 200 pieces of research. If true, that's a whole lot of research, but with little depth, little insight and no two-way engagement or co-production of interventions from young people.

There is a risk within the heroic mythology of nudge theory and social marketing that it self-defines its practice as non regulatory or about communication rather than the other marketing 'p's of product, place and price. If you want to influence behaviour so people don't fall off a cliff edge, one option is an attractive sign in a default location where it catches the eye. A better option may be to put a fence up. Nudges need to focus on what works, not what is simply novel.

A related risk is that a focus on the individual marginalises the context within which our behaviour is shaped, in particular the relevance and role of social norms.

There are 12.9 million people who are members of co-operatives in the UK and the sector has recently trailed a highly successful community model of behaviour change, focused on sustainable lifestyles and the value of peer support and shared responsibility (all good co-operative virtues). Up and down the country 43 co-operatives engaged in the "greener together" programme, with 1,600 active members across these at the core – delivering cuts in personal carbon emissions more widely of up to 20%. If you add to this the campaigning mobilisation of members, notably by the Co-operative Group, around tar sands, you have a form of nudge that begins to reverse the power dynamics in favour of democratic action.

We need radical change in lifestyles in the context of climate change. Nudges can help, but only ever on the ethical assumption that government has a legitimate mandate for what it is doing. We need what I and others have called choice-editing, to move our consumption patterns away from fossil fuel thirsty options. In turn, choice-editing needs to be built on consent and participative community-based models of nudging offer a positive move towards that. ■

Ed Mayo is Secretary General of Co-operatives UK, the membership network for co-operative businesses. He is a long-term co-operator and has a track record of innovation and impact in his work to bring together economic life and social justice.

New era economics

A different approach to policy making



The 2008 financial crash devastatingly demonstrated serious flaws in the UK's economic model. **LAURA CHAPPELL** argues that this alone demands the re-consideration of the principles that have guided our economic policymaking. She says the crisis has also shed a light on a wider set of questions regarding our economy.

The economic environment in which we are living is changing in fundamental ways. The balance of global economic power is shifting with the rise of new economic powers like the BRIC economies. These changes are serious and structural, and require equally serious, potentially radical interventions.

Policy needs to take account of recent developments in economic thinking. Newer forms of economic understanding – such as behavioural economics – demand different approaches to policymaking. People's ideas about what they want our economy to be for have also begun to change. Serious problems have arisen over the past few decades – including climate change, rising inequality, and mounting levels of mental health problems – which are increasingly being linked to the goals we have set for our economy.

ippr's New Era Economics project examines these developments with the aim of constructing a new, progressive economic model. To illustrate how our thinking is developing, this article sets out some ideas on what a new era economy might aim for, and what behavioural economics has to say about how we get there.

What might a New Era Economy aim for?

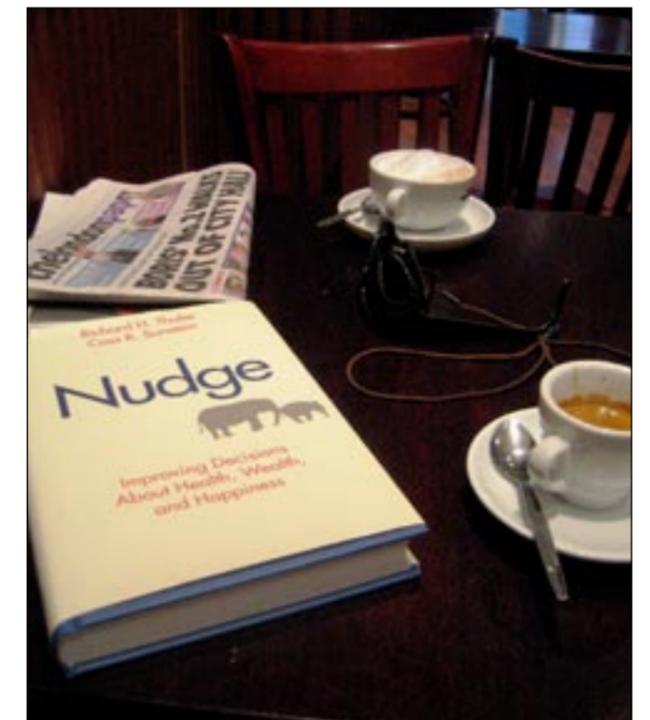
Mainstream thinking tends to view wealth creation and economic growth as the goal for economic policy. For progressives, this goal tends to focus on people at the bottom of the income spectrum in particular, and ensuring that growth benefits the poorest.

This approach has much to recommend it. Increasing people's incomes has long been viewed as the most effective way of expanding their opportunities. Increases in income allow people access to more goods and services, and provides them with greater choice about things that really matter. With higher incomes people are more able to choose what and how much work to do, how to ensure their families are cared for (whether by themselves or others), and how to spend their leisure time, for example.

A richer nation, moreover, is more able to afford the collective goods and services which can improve our common lives – things like education. Growth feels particularly valuable in the post crisis period as we see the severe social problems (like unemployment) which tend to arise without growth. However, we believe that we must question economic growth's

pre-eminent place in our economic model. Of the many lessons revealed by New Labour's time in office, one of the most prominent was that targets can be a powerful driver of behaviour, but also create unanticipated side-effects. So high bed occupancy rates were achieved in hospitals, increasing efficiency, but the lack of slack in the system meant that people being treated on hospital trolleys became all too common. Moreover, other aspects of hospital life – like cleanliness – which weren't subject to targets, were given less emphasis, leading to a rise in complaints about dirt and, more worryingly, MRSA.

Although we aren't used to thinking of it in that way, GDP is only a target like any other, and is a proxy for the increasing opportunities that we want people to have. But growth in GDP doesn't equal growth in economic opportunity; it equals growth in the value of things which are traded in the market. This means that everything not traded in the market, but which still affects our opportunities, is ignored – from environmental pollution to work around the home.



By Gordon Joly

What seems to have been happening – as with other target based regimes – is that we focus on what gets measured (growth in GDP) and ignore what doesn't. This makes strategies that maximize benefits in measured dimensions and impose costs in unmeasured ones particularly attractive. For example, when a company requires its workers to work longer hours it's counted as a good, because the benefits of increased productivity are measured but the costs in terms of lost opportunities to spend time with one's children, or give time to the community through volunteering, aren't.

We have known this at the back of our minds for a long time, but the systemic effect that focusing our economy around a GDP objective has in terms of structuring our entire economy in this way hasn't been really explored. New Era Economics is examining both this, and whether there are other goals our economy might structure itself around – maybe opportunity itself, instead of its GDP proxy – that might work better.

What are the implications of behavioural economics?

A new era economy wouldn't only look different in what it aims to achieve, but also in the toolkit it deploys. This is because it would acknowledge the fact that the traditional economic approach used to model our economy is based on assumptions that are not only inaccurate (which has been known almost since they were devised), but also flawed in ways that affect the models' predictions and recommendations.

Richard Thaler and Cass Sunstein's now famous book 'Nudge' sets out lots of evidence which shows that people systemically diverge from the way they would be expected to behave if they were the perfectly rational, all knowing, computationally advanced 'Mr Spocks' that traditional economics assumes them to be. It shows, for example, that we tend to use rules of thumb when faced with a decision, rather than calculating every time what the best choice might be. We also tend to be overconfident about how well things will go for us (90% of people think they are a better than average driver, and hardly anyone thinks their marriage will end in divorce). They also show that these sorts of biases in our behaviour can make us behave in ways which, rationally, we would choose not to – like driving more dangerously than we otherwise might.

This insight is developed by Thaler and Sunstein to suggest a new approach to designing policy interventions. They say we can use what we know about human nature to 'nudge' people towards better outcomes – redesigning menus so that healthy options are presented in more obvious ways, for example. This approach to policy has, as is well known, been enthusiastically taken up by David Cameron and the coalition government.

In an insightful critique, Aditya Chakraborty, one of the members of the New Era Economics Panel who are guiding the work, has argued that "the Prime Minister has taken a bunch of insights that are important, and potentially radical if applied to policy – and chopped them into a party pack of fun-sized ideas, handy for shovelling into white papers and media briefings,

but robbed of their political power." Specifically, if people aren't rational, then the idea that markets "generally work pretty well... [because] people know what they're doing in buying and selling goods and services" breaks down. This doesn't mean that markets never work – clearly markets have delivered better outcomes than other ways of allocating resources in a whole range of areas. However, it says that in some cases markets may have important, even fatal flaws, and Thaler and Sunstein stress that this is likely in some key, policy relevant markets, like those for public services.

This critique suggests that viewing Nudge as a one-size-fits-all strategy to the problems raised by behavioural economics won't do. Sometimes changing the framing of choices and other 'nudge' tools will be appropriate, but sometimes the solutions may need to be more systemic. Regulation, in other words, still has a place.

So what does this all mean for specific policy areas? Let's take one issue which is being extensively discussed at the moment – rebalancing – and sketch out a few brief ideas. First, as an aside, it is clear that whatever your goals and tools, 'rebalancing' needs better definition. Does it mean rebalancing economic activity across the UK – ensuring regions outside London and the South East benefit? Or about sectoral rebalancing – shrinking the financial sector and promoting high value manufacturing, for example? Or is it about reducing the composition of debt in economic activity and boosting savings, investment and exports?

Assuming that it means a combination of the above, what might a specifically new era approach to rebalancing involve? First, whatever it involves, it shouldn't just be about boosting growth. If we want to look at opportunity in the round, then our focus in rebalancing sectors, for example, might look not only at growth trajectories, but also at the lifestyles and cultures associated with work in different industries. We shouldn't discount the costs that many City jobs impose on work-life balance.

Second, we need policies which recognise people's 'bounded' rationality. Looking at rebalancing away from debt, for example, we may wish to implement nudge type strategies such as requiring credit card companies to present information about their services and charges in a clearer way (as Thaler and Sunstein advocate). But there may also be a strong case for more regulation, such as imposing limits on 'income multiples' – how many times their income homebuyers can borrow.

These are just early ideas. We are still working through what a new era economy might look like and how it would work. But the incentive to explore further is high. Our current model hasn't recovered from the shaking it was given by the crisis, and we must seize this moment to see how it might be improved. ■

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Naming Food after Places: Food Relocalisation and Knowledge Dynamics in Rural Development
Maria Fontey and Apostolos G. Papadopoulos (Eds) | 2010 | Ashgate Publishing | ISBN: 978-0-7546-7718-5
Comprising a range of empirical case studies, this book assembles models of food relocalisation from a diverse range of rural European settings. By combining and contrasting accounts, local knowledge and political awareness are entwined to present a model for thriving sustainable food communities. IW

Gardens of Biodiversity
Caterina Batello, Damiano Avanzato, Zeynal Akparov, Tamar Kartvelishvili and Andreas Melikyan | 2010 | FAO | ISBN: 978-92-5-106613-3
This book offers up an example of how biodiversity is being achieved by the agricultural practices of rural farmers in the Southern Caucasus. Accompanied by stunning pictures, the FAO outlines ways in which small farmers in the region maintain genetic resources which develop sustainability, contribute to food security, and safeguard rural livelihoods. IW

State of the World 2011: Innovations that Nourish the Planet
Linda Stark (Ed) | Worldwatch Institute | 2011 | Earthscan | ISBN: 9781849713528
A comprehensive contribution to thinking on the future of the world food system. Drawing on research from twenty-five countries over two years in Sub-Saharan Africa, this title focuses on a wide range of agricultural innovations in environments where hunger and malnutrition are rife. IW

Rural Poverty Report 2011
IFAD | 2010 | ISBN: 978-92-9072-200-7
This report uses survey data and personal interviews to assess the challenges and risks faced by poor rural individuals and communities. Positioning profitable smallholder agriculture and the non-farming economy as key drivers of rural development and poverty reduction, IFAD present a clear agenda for rural reform with implications for inter-ministerial government policy, markets, and civil society. IW

Biopesticides: Pest Management and Regulation
Alastair Bailey, David Chandler, Wyn P. Grant, Justin Greaves, Gillian Prince and Mark Tatchell | 2010 | CAB International | ISBN: 987-1-84593-559-7
This book assembles the analysis of a diverse range of academics to assess the problems facing biological control from an interdisciplinary perspective. The authors explain how market and regulatory failures prompt an urgent review of policy instruments to guarantee that biopesticides are ecologically effective in achieving food security and sustainable production. IW

World on the Edge: How to Prevent Environmental and Economic Collapse
Lester Brown | 2011 | Earthscan | ISBN: 9781849712743
This book offers a bold examination of how ecological and economic concerns are intricately interwoven on an unsustainable planet. Realising this untenable position, the author explains how we arrived at our current tipping point and sketches a four-point solution for global sustainability and feeding a rising world population. IW

Food Justice
Robert Gottlieb and Anupama Joshi | 2010 | MIT Press | ISBN: 978026207291-5
In this title, Gottlieb and Joshi trace the emergence and rise of the food justice movement that forms the new food politics. Food Justice serves as a comprehensive guide by defining the theme, blending stories and analysis of inter-related structural issues, and providing advocates and policy-makers with a framework to overcome the fundamental problems faced. IW

The Secret Life of Stuff: A Manual for a New Material World
Julie Hill | 2011 | Vintage | ISBN: 978-0-0995-4658-0
In this personal examination of the material world, Hill provides the modern consumer with a green survival guide and removes the fig leaf from the origins and consequences of materialism. This book reads like a novel as it deconstructs complex environmental issues before setting out a practical vision of the future for us and our 'stuff'. IW

Forthcoming events

9th - 11th Mar '11	FMB Africa fertilizer conference & exhibition 2011 The FMB Group http://www.fmb-group.co.uk/default.asp?pageid=188 Marrakech, Morocco
14th - 16th Mar '11	5th Annual BIO-Europe spring 2011 Biotechnology Industry Organization http://www.ebdgroup.com/bes/index.php Milan, Italy
14 - 18 Mar '11	The fourth regular session of the Governing Body of the International Treaty on Plant Genetic Resources for Food and Agriculture (GB4) http://www.itpgrfa.net/International/content/gb4-meeting-room Bali, Indonesia
22nd Mar '11	Funding Agri-innovation: Identifying opportunities and financing new ventures in technologies for food security and bio-renewables National Rural http://www.nationalrural.org London, UK
30 - 31 Mar '11	2011 Annual Waterwise conference Waterwise http://www.waterwise.org . Oxford, UK
30th Mar - 1st Apr '11	FMB Asia Fertilizer conference & exhibition 2011 The FMB Group http://www.fmb-group.co.uk/default.asp?pageid=188 Beijing, China
31st Mar '11	FoodNavigator: Allergen-Free Foods 2011 - Formulation and labelling for the future FoodNavigator http://www.fn-allergenfree.com London, UK
31st March '11	Global Food and Farming Futures - next steps for policy Westminster Forum Projects http://www.westminsterforumprojects.co.uk London, UK
3rd - 4th Apr '11	Natural and Organic Products show 2011 Diversified Business Communications UK http://www.naturalproducts.co.uk London, UK
4th - 6th Apr '11	BSAS - Annual Conference: Food security, challenges & opportunities for animal science British Society of Animal Science http://www.britishgrassland.com Nottingham, UK
6th - 7th April '11	FDf BCCC 2011 Annual conference: Working together for a healthy future Food and Drink Federation http://www.fdf.org.uk Thame, Oxfordshire, UK
27th - 29th Apr '11	Intergovernmental Working Group on Plant Genetic Resources for Food and Agriculture (Commission on Genetic Resources for Food and Agriculture) UN Food and Agriculture Organization http://www.fao.org Rome, Italy
1st - 7th May '11	Tagore Festival Resurgence http://www.resurgence.org/take-part/resurgence-events/tagore-festival.html Devon, UK
2nd - 5th May '11	Applied genomics for sustainable livestock breeding international conference The CRCs for Beef Genetic Technologies, Sheep Industry Innovation and Dairy Futures http://smogenomics.org Melbourne, Australia
8th - 11th May '11	BIO World Congress on Industrial Biotechnology and Bioprocessing Biotechnology Industry Organization http://www.bio.org/worldcongress Toronto, Canada
25th May '11	The Nurture and Nourish Colloquium: Emerging methodologies and theoretical aspects of public health nutrition Australian Public Health Nutrition Academic Collaboration (APHNAC) http://www.aphnac.com Adelaide, South Australia
25th May '11	The National Beef Event - Beef Expo 2011 National Beef Association http://www.nationalbeefassociation.com/Beef-Expo Nottinghamshire, UK
16th Jun '11	Innovation in the food chain Westminster Forum Projects http://www.westminsterforumprojects.co.uk London, UK
25th Jun - 2nd Jul '11	FAO Conference (37th Session) UN Food and Agriculture Organization http://www.fao.org/events/index.asp Rome, Italy
30th Jun '11	Westminster Food & Nutrition Forum keynote seminar: Biodiversity Westminster Forum Projects http://www.westminsterforumprojects.co.uk London, UK
16th - 22nd Jul '11	Regular Session of the Commission on Genetic Resources for Food and Agriculture UN Food and Agriculture Organization http://www.fao.org Rome, Italy
16th - 21st Aug '11	Nyeleni 2011 European Food Sovereignty Forum Nyeleni http://www.nyeleni2011.net Krems, Austria
6th - 7th Sep '11	2011 Dairy Event & Livestock Show The Royal Association of British Dairy Farmers (RABDF) http://www.dairyevent.co.uk/exhibitors Birmingham, UK