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The Nudge Approach and the Behavioural Units: an analysis of the impact on Public Administration

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INTRODUCTION

The idea behind this thesis comes from the interest of investigating on a new approach able to view the role of the public administration as well as of the single citizen from a different perspective. After decades of several economic and institutional reforms in many countries, does not seen to be an element of changes. In line with this, both the academic and the political sphere have begun to consider the impact of the implementation process and of the individual engagement. In other words, this brings to take into account not only the reforms, but the overall context composed by the specific public administrations, the economic and legal actors.

Today, it is crucial to highlight the factors that drive the choices, analyze the macro effect and measure the results. Public administration has a huge responsibility toward the civic society and the political class. In fact, their main task is to help formulating policies compliant with the citizenship needs but, at the same time, respectful of the efficiency criteria and, increasingly, aware of the human well-being growth.

The "nudge" theory fits this interest. It matches the cognitive psychology, the behavioral theory and the economic-law branches. Moreover, that theory is a new policy making tool of the citizens' behavior.

In other words, the nudge approach represents an important innovation: it is a decisional instrumentation results in a concrete governmental activity. The nudge approach and the behavioral economy are rooted in a multidisciplinary field. Indeed, both have considered the behavioral and cognitive psychology without forgetting the organizational connotation and characteristics.

Furthermore, the scholars' background contest enumerates the intuitions of three Nobel prices: Herbert Simon (1978), Daniel Kahneman (2002) and finally Richard Thaler (2017).

In a relatively small number of years the application of the behaviorism, to the policy making, have brought to the building and the employment of a framework able to structure the indications of the behavioral economy. In other words, the intense research and scientific activity has led to concrete decisional processes and to a better regulation.

Several initiatives and organizational model have been launched. The most powerful example is the creation of the behavioral insights units that, since the beginning, have shown the proximity and a cooperative approach to the government.

Moreover, the nudge theory supports positive suggestions that can impact the decisional process with the same efficiency of the legislation and institutional direct inputs. Therefore, its main goal is the improvement of the individuals' situation, guiding their choices architecture, without limiting their freedom. In other terms, it is not an imperative but a cognitive nudge.

Following this approach, the present contribution reviews the most relevant literature, starting from the classic publication by Thaler and Sunstein[1]. The latter examines in detail the paternalistic approach in various fields. In this scenario, the innovation derives from the possibility that individuals have in choosing a different path.

This work frames this peculiar prospective to better understand the present debate on its ability to solve issues strictly linked to the regulatory fields. Especially because the methods based on nudging influence the individuals' actions, which can be consider the main element in the democratic systems.

The widespread uses of this strategy represent a groundbreaking approach in the evidence-based policy and accounts for an increasing number of empirical and experimental investigations.

Policy making shows a growing use of the behavioral approach and the diffusion of this method can be attributed to a variety of, several European countries have now created behavioral insights units within the top tier of policy making. Moreover, the major international organizations (i.e. World Bank, OECD) emphasize, in their reports, the importance of implementing the behavioral dimension in the policy field. Given this increasing interest, this

[1] Thaler R and Sunstein CR (2008) *Nudge. Improving decisions about health, wealth and happiness*. New Haven, CT, and London: Yale University Press.

thesis focuses on the units' proliferation, analyzing, then, different countries both inside and outside Europe and presenting also the World Bank example.

This work is structured in the following way: three main chapters.

Chapter 1 points out the nudge approach in the context of public policies formulation and implementation. It presents a detailed analysis of the relevant literature on this theory in order to have an overview of the definitions and characteristics of nudging. Specifically, it introduces the nudge tracing the main works since the Thaler and Sunstein pioneering book. Some examples given in the chapter improve the understanding of this approach in real circumstances.

Furthermore, chapter focuses on the "so-called" choice architecture. As the situations become more complex, realizing how to go ahead is often more complicated. Especially in this scenario, people needs to be gently pushed. Thus, the policy architect, supporting nudging advantageous behaviors, moves into a less arduous decision path.

This part end by recalling the policy cycle to deeper analyze the development of a policy item in its different steps: from the agenda setting to the evaluation, all the stages of the policy process, do not occur in a vacuum. Theories on the policy cycle together with the experiments of the last decades help, both in the case of academia and of the practitioners' world, in enhancing the understanding policy formulation. Policy scientists know that the likelihood that a peculiar problem will be in the agenda depends on several elements such as: the issue itself, the actors as well as social and political factors.

In the public political sphere, the regulatory interventions have to simplify and improve citizens' and firms' conditions. This means trying to reach the objectives fixed by the policy-maker with less administrative steps establishing a more efficient and transparent system. Using the behavioural approach in this field, the government can reduce the citizens' burdens, creating default options. In line with this, the public administration has to stimulate the citizens' participation in the services development and in the information diffusion. Citizens become more active, not a simple user but some cooperating for the success.

Chapter 2 deals with the Behavioural insights Units development, since the birth to the present role in the public administration. The chapter aims to census the European initiatives in this field and focuses on its creation. In fact, the European Union has considered the "behavioral insights" as a pivotal input to policy-making.

Since 2008, the European Commission has brought this approach into legislation and regulatory interventions, using the nudge philosophy in several cases, from the Directive on Consumer Rights and other consumer protection interventions, to competitive policy decisions. This chapter, by retracing all the initiatives undertaken by the Commission, shows that the application of behavioral insights in European Union has concerned with mainly four areas: consumer policy, health policy, environmental policy and taxation.

In this scenario, the chapter deals with greater detail on the EU's nudge approach and concludes with the state-of-the-art in European countries together with the Mindspace framework which served as the initial operating framework for work of the UK's Behavioral Insights Team, the world's first government institution dedicated to the application of behavioral science to better policy making. Then, it proposes the nine fields of behavioral insights policies as identified by the European authorities.

In this behaviorally informed policy perspective, the use of behavioral science and nudge theory, in the public governance and administrative process, clearly improves a lot. Therefore, the human-based behavior model refuses the traditional *homo oeconomicus* approach and suggests an alternative interpretation of human actions which must acknowledge irrationality in the political and decision-making process.

The nudge theory, thus, went out from the academic sphere and it is increasingly meeting the government agendas. For instance, in 2010, the U.K. set the Behavioral Insight Team, to develop, investigate and test policies. After the UK, many other countries, like Australia, and some EU states adopted the nudge approach.

To better understand this new approach, Chapter 3 enters into some further details. It begins with the pioneer example of the UK, where almost every major government department has a behavioral insights function of its own. In addition, the British government becomes a real headquarter for the spread of behavioral studies across the world.

This chapter continues with important cases outside and inside the European Union. On one side, it analyses the Australian example which is the closer clone of the British one. On the other side, it presents the situation of those governments that have been some of the first ones to show interest in the nudge approach, specifically: Germany, Netherlands and Denmark.

Moreover, it considers the Italian case. Indeed, in Italy is being considered the possible creation of a behavioral insights unit. Certainly, the ideal collocation will be the Prime Minister' Office.

By analyzing several countries' experiences, it is possible to understand, the role and the positioning of the behavioral insights units in the government asset. The growth and the progressive application of the behavioral economics and of the nudge approach, on one hand, and the birth and the proliferation of the behavioral insights units, on the other hand, bring out several questions.

For example, should the behavioral insight units have of steering stronger powers? Do the behavioral insight units have more autonomy? Or shall they only have a consultancy role? Without doubts the UK has been more sharped especially in changing the public intervention. The answers will be given in the composition.

From, a country level analysis, the third chapter discloses an alternative perspective dealing with the different policy areas activity of the World Bank. In conclusion, the thesis ends with some critics as well as to observations to have a better overview of this revolutionary approach.

Finally, the thesis ends with the interview done to the European Commission officer, Emanuele Ciriolo.

As the website of the European Commission says," *Emanuele Ciriolo joined the European Commission as a behavioral economist in 2007. Since then he has investigated the possibility of applying behavioral insights in policy making, as a complement to other traditional approaches. His influence has resulted in several Commission services (Directorate Generals for Health, Justice and Consumers, Financial Services, Communication Networks Environment, Competition, Energy, Climate Change) to use behavioral insights and evidence in concrete policy initiatives. He moved to the Joint Research Centre in February 2015, and is currently engaged in furthering the use of behavioral insights in* *policymaking, engaging directly with the main actors, both at European and national level.*"

CHAPTER 1

THE NUDGE APPROACH: A NEW PARADIGM IN PUBLIC POLICIES

Human beings are *homo sapiens*, not *homo oeconomicus*. As the literature suggests, this means that they tend to do foreseeable errors in their behaviors. Individuals are influenced by the routine of their days and by the context complexity. Thus, they do not think deeply on their choices; instead, they simply follow the rules depending on the situations they are living. Therefore, they are different from the *Econi* which think and choose in an unerring way.

In other words, individuals use specific behavioral schemes for peculiar occasions and circumstances. Decision-making is influenced by the cognitive limitations of the human mind. This viewpoint has been pioneered by Herbert Simon[2] who introduced the psychological component in the decisional path bringing a new approach far from the neo-classical one. In this scenario, the individual acts depending on his own limits. Thus, the rationality is *bounded* due to the information hold, the cognitive barriers and the time needed to choose[3].

A group of scholars highlight that decisions are influenced by cognitive failures.[4]As Koslowski suggests: "*the economy is not governed by economic laws alone, but is determined by human person, in whose desires and choices a complete ensemble of economic expectations, social norms, culture views, and ethical ideas about the good is always in effect. Consequently, this totality must*

[2] Herbert Simon (1916-2001) was an American economist and psychologist. He received the Nobel prize in economies in 1978 for his pioneer researches on the decisional process in economic organizations.
[3] Simon H.A., (1982). *Models of bounded rationality: Empirically grounded economic reason*.
[4] For example: Becker G., (1976) *The Economic Approach to Human Behavior*, Chicago; Murphy K., (2001) *Social economics: market behavior in a social environment*, Harvard; Camerer C., Loewenstein, G. Rabin M. (2004) *Advances in Behavioral Economics*, Princeton.

also be taken into consideration, and reflection on the ethical character of economic action must be included in economic action and economic theory".[5]

Following the literature, there is a dual process characterized by two cognitive systems. System 1, automatic, intuitive and quicker, while, System 2 is calculative, rational and slower. [6]

This leads to the gap between *Econi* and *Humans*. In fact, we find *Econi* are in the rational and reflective system while *Humans* are in the impulsive which creates distortions in the everyday life.

Mistakes emerge because our mind is stopped to the outward look without investigating on the true nature of a single situation. This is valid both for easier and more sophisticated choices. Therefore, people are prone to accept given questions and solutions without verifying how these could be different if structured in a diverse manner.

For decades, academics and practitioners have followed the traditional economic theory which deals with market inefficiencies and imperfect resources allocations. Reasons behind these have been identified in public goods, externalities, information asymmetries or high market power in specific firms. However, in all these features, the common denominator is that people in taking decisions have perfect rationality.

Therefore, the classical approach considered rationality as the base for decisions, suggesting that each single person tends to act to gain his own advantages, analyzing the pros and cons and knowing all the circumstances and conditions in a rational manner. [7]

While, the behavioral economics opens new perspectives as it highlights that the individuals' choices overcome the traditional cost/benefits assumption. This field concentrates on: behaviors, cognitive limits and psychological biases during the decision path.

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[5] Koslowski V. P, (2001). *Principles of Ethical Economy*, Springer, p. 244.

[6] Kahneman D., *Thinking, Fast and Slow*. (2011) New York, NY, Farrar, Strauss and Giroux.

[7] Garofalo G, Sabatini F. (2008), *Homo Oeconomicus? Dinamiche imprenditoriali in laboratorio*, Bologna.

Different scientific sectors deal with aspects behind human behaviors and with the role of behavioral science in improving the understanding of human decision-making. The latter is very relevant for policy-making since public intervention prefers to deal with real cases rather than perfectly rational ones.

In addition, this innovative point of view opens new roads of discussion regarding the essential elements of democracy. In fact, classical authors and theories as the Schumpeter's one can be studied using the cognitive framework to rationality. As Egidi[8] suggests, a crucial element of democracy is being a system able to work with a low level of rationality among citizens.

Following this perspective, various researches have been conducted to better understand how the mistaken perception of the individuals in terms of benefits and costs of their choices, could be the starting point of not optimal decisions.

Thanks to the results of the experiments in behavioral economics, there is increasing attention in introducing in our life behaviorally informed policy tools. Several governments are shaping their interventions toward more flexible governance instrument in different areas (i.e. energy, health) opening huge potential opportunities to EU policy-making and beyond.

Given the growing importance of this new approach, it is crucial to better analyze how new public interventions should come out, how they could be useful together with the traditional policies and how they can impact in the long-term.

Following this, the present chapter traces the steps of the relevant literature on the nudge theory since the Thaler and Sunstein publication highlighting the importance of choice architecture features and of the policy cycle.

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[8] Egidi M. (2015). *Schumpeter's picture of economic and political institutions in the light of a cognitive approach to human behavior*. Journal of Evolutionary Economics. Volume 27, Issue 1, pp 139–159.

1.1 The Nudge theory

The Nudge approach is an attractive and revolutionary idea. With low or even zero-cost interventions, governments play the role of helping human beings overcoming their limits and act in their own best interest, as if they have complete information and perfect willpower and cognitive abilities of the *homo oeconomicus*.[9]

In other words, the nudge approach represents an important innovation: it is a decisional instrumentation results in a concrete governmental activity. The nudge approach and the behavioral economy are rooted in a multidisciplinary field. Indeed, both have considered the behavioral and cognitive psychology without forgetting the organizational connotation and characteristics.

Moreover, the literature and academic background contest enumerates the intuitions of three Nobel prices: Herbert Simon (1978), Daniel Kahneman (2002) and finally Richard Thaler (2017).

However, this framework has received growing attention in the public debates since the publication by Richard Thaler and Cass Sunstein. [10] Their book presents its application in multiple fields: from social welfare to healthcare, from labor productivity to environmental issues. According to them: *"It is legitimate … to try to influence people's behavior in order to make their lives longer, healthier, and better. In other words, we argue for self-conscious efforts, by institutions in the private sector and also by government, to steer people's choices in directions that will improve their lives."*[11]

In this scenario, nudging constitutes a response to the challenge of bounded rationality. We can consider it as an important strategy for public authorities to change civic behavior. It has become an increasingly known policy tool worldwide. However, there is still today a strong debate on its boundaries, efficacy, and legitimacy.

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[9] Klaus M. and Avishalom T. (2016). *Nudging - Possibilities, Limitations and Applications in European Law and Economics.* Springer p. 11.

[10] Thaler R and Sunstein CR (2008) *Nudge. Improving decisions about health, wealth and happiness*. New Haven, CT, and London: Yale University Press.

[11] Ibidem p.5.

Before entering into the sphere, it is important to define a nudge: "*any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives.*"[12] Therefore, nudges are interventions that drive individuals in peculiar directions while, in the meantime, they can go on their own way.

One of the most popular examples used by Thaler and Sunstein is the energy case.[13] They highlight the potential of saving that the community could enjoy if the electrical energy supplier put in the bill an approximated calculation of the potential saving users can reach with investments in higher energy efficiency measures.

This was tested in San Marcos, California, and brought a competitive behavior among citizens. In fact, users changed their behavior, not only for pollution and saving reasons, but the ones with stronger consumption rate changed spontaneously, reducing it. The contrary happened to the ones who consumed less, they started to have face an upper-average level (*boomerang effect*).[14]

With their pioneer publication, Thaler and Sunstein have opened an important discussion both in the academic as well as in the practitioners' world. A group of studies in the behavioral economics showed that individuals to make their choices needs to have a nudge.[15]

For instance, in the public administration, a policy maker should choose the right message to promote his idea among his citizens. Therefore, a government that needs to foster a peculiar action has to use the message that will lead to more efficient nudge.

The straight conclusion is that people are easily influenced by the so-called nudges. These small cognitive biases do not impose significant material

[12] Ibidem. p.6.
[13] Ibidem
[14] Schultz P.W., Nolan J.M., Cialdini R. B.., Goldstein, N.J, Griskevicius V., (2007) *The Constructive, Destructive, and Reconstructive Power of Social Norms, Psychological Science.*
[15] For an interesting perspective on possible different nudge approaches: Baldwin (2014). *From Regulation to Behaviour Change: Giving Nudge the Third Degree*, in The Modern Law Review, November 2014, Vol. 77, Issue 6, pp. 831-857.

incentives. [16] This means that a nudge must preserve the choice freedom. It works because informs people, or because it makes the decision easier.

This is far from the traditional paternalist tools (such as taxes and subsidies), which impact the material availability of choices. It is a revolutionary framework with choice architecture changes around options. Because choices themselves are not influenced, nudge advocates regard their brand of paternalism as *libertarian* in the sense that it is more respectful of individual autonomy and liberty because people are free to make the same (allegedly inferior) choices they would have made without the nudge.[17]

Following this logic also known as *liberalistic paternalism*[18], individuals are free to decide as they wish. At the same time, this approach suggests that the so-called *choice architects*[19] guide the decision of each person to bettering considerably their life conditions toward a more precise and less skewed path.

In other terms, this kind of paternalism is quite feeble, weak and not intrusive as decisions are not stopped or onerous.[20] Thus, this represents a *soft paternalism* which implies that each choice mechanisms can predictably influence behaviors without deleting other options. It differs from the *hard paternalism* as here the regulator does not favor a peculiar decision path but, instead he forces it.[21]

In this scenario, the public support is crucial to consider the market failures.[22] Through an incentive strategy, this regulation tool helps government to act in different fields (i.e. environmental safeguard, healthcare) in a more efficient way based on higher levels of freedom compared to the traditional approach.

The nudge revolutionized the usual viewpoint based on economic incentives. In this context, balancing incentives and nudges, innovative opportunities emerge also in term of public policies. This science opens unusual alternatives

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[16] Sunstein C.R., (2014). *Why Nudge?* New Haven, CT, Yale University Press.
[17] Abdukadirov S. (2016) *Nudge Theory in Action*. Palgrave Advances in Behavioral Economics. p.21
[18] Sunstein C.R., Thaler R.H. (2003) *Libertarian Paternalism Is Not an Oxymoron*, University of Chicago Law Review.
[19] For further details, please see the next paragraph.
[20] Thaler R. and Sunstein C.R. (2008) *Nudge*. New Haven, CT, Yale University Press, p. 11.
[21] Holt J., (2006) *The New, Soft Paternalism.* The New York Times.
[22] For details: Ogus A. (1994), *Regulation: Legal Form and Economic Theory.*

in many sectors and administrations should review historical issues from a more efficient perspective.

Various experiments have been tested in many realities and some scholars argue on the advantages but, also, on possible limits. For instance, Madrian[23] highlights the *imperfect optimization* issue that is the inability of people to understand relevant information, often leading to a simplification of the decisional problem.

Regarding the information flow, another interesting contribution in the behavioral science[24] highlights the impact of their release which creates unexpected results. Traditionally a lower level of information asymmetry increases the market transparency but, at the same time, raises costs (i.e. costs related to the information widespread) which can lead to cartels birth. This brings the regulator to release information only when the social benefits are more than the related costs. Thus, a higher information availability helps the decision path but, since people are humans, they can fail to internalize and manage the bunch of information.

Moreover, other scholars investigate on the limit of managing information among different social group. For instance, Clifton, Fuentes and Fernández-Gutiérrez[25] show that people with disable diseases or peculiar human capital elements (i.e. low level of education) face a *decision inertia* that enable them to change their present condition.

In this panorama, the policy maker should analyze the kind of information and the channel used to their diffusion. Otherwise, there is the risk to have a negative effect, opposite to the goal of reaching efficiency. Additionally, he has to account diversities among citizens to avoid misleading results.

[23] Madrian B.C. (2014) *Applying insights from behavioural economics to policy design*, in Nber working paper series, n. 203 18, July.

[24] Loewenstein, C. Sunstein, R. Golman (2013). *Disclosure: Psychology Changes Everything*. Available at SSRN 2312708.

[25] Clifton, D. Fuentes D., Fernández-Gutiérrez M. (2014). *The impact of socio-economic background on satisfaction: evidence for policy-makers*, in Journal of Regulatory Economics, Vol. 46, Issue 2, pp. 183-206

Another fascinating feature is the so-called *bounded self-control*: the gap between a planned and the real behavior.[26] This depends on peculiar variables such as the time frame passed before taking the final choice. It is, therefore, important to modify these factors that create a gap trying to align the single preferences with what is optimal for the overall society.

To conclude, governments need to analyses the costs-benefits of this alternative policy approach; otherwise, it can be not fair to implement corrections to the market distortions. We are living a new era for the policy investigations with more flexible tools able to merge cognitive know-how with classical economic theories.[27]

This new approach shows that people knows that they can make mistakes. This is the reason why they turn to the external actors. In this way, both public and private institutions become fundamental in helping individuals' choices. In line with this research field, institutions result as choices architects in the public policies statement.

1.2 The cognitive architecture of choice

As defined in the previous paragraph, nudging emerges as a relevant strategy for public authorities to develop civic behavior. According to the pioneers of this approach, policy-makers may be successful in nudging citizens if they consider the cognitive architecture of choice. The latter faces citizens and work with, rather than against, the grain of biases, hunches and heuristics.[28]

As mentioned above, the individuals' nature is characterized by cognitive errors that can be used by the so-called *choices architects* to gain different kind

[26] Madrian B.C. (2014) *Applying insights from behavioural economics to policy design*, in nber working paper series, n. 20318, July.
[27] Rangone N., (2012). *Il contributo delle scienze cognitive alla qualità delle regole*, in Mercato concorrenza regole, a. XIV, n. 1, April.
[28] John P. (2011) *Nudge, Nudge, Think, Think: Experimenting with ways to change civic behaviour.* Bloomsbury.

of goals.[29] Thus, they have to take into account that individuals are human, and, often make errors.

Architects work in a paternalism environment. In fact, they can affect individuals to improve their life with paternalistic measures[30]; however, individuals should be free to act and to avoid unpleasant settings.

Looking at our daily situation, if each architect follows an ethical path, surely the society should be different than today. They would nudge people in directions that otherwise they would not consider. In this manner, building the choices structure means helping the know-how for future steps.

In line with this, the choice architect should arrange the context in which everyone is going to make decisions. Many scholars identify in public and private institutions the owners of this function.

On one side, in the real world, most of the person are architects. An example could be the doctor-patient relation, the patient will buy the medicines that are better presented by the doctor for the treatment.

In this perspective, the *framing* results crucial in the decisional process. The way in which issues and situations are presented, together with peculiar answers, become fundamental in driving people' choices. Individuals, in general, and citizens, especially, do not pay attention to the message as it is created, they tend to take careless decisions without accounting for other possible formulations.

On the other side, daily occasions require simpler or more difficult choices. For instance, it is easy to compare the price of a specific food category sold with different brands in a supermarket. However, it results harder when a person has to compare more relevant kind of offers, as for example when to buy a home he has to analyze a bunch of loan with diverse interest rates.

As the situations become more complex, understanding how to proceed is often complicated. Especially in these cases, people needs to be gently pushed. The architect becomes the protagonist, nudging advantageous behaviors to help for a less arduous decision path.

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[29] Sunstein C.R. (2011). *Empirically informed regulation*, in University Chicago Law Review. p. 1349 ss.

[30] Thaler, R.H. and Sunstein, C.R. (2008), *Nudge: Improving Decisions about Health, Wealth and Happiness.* New Haven, CT, and London: Yale University Press.

In this paradigm, the public power has to orchestrate and create political measures which protect and increase the choice freedom toward nudges. It is crucial to develop more flexible policy tool and to use the cognitive science to capture the residual roles that suit the needs of the individuals in their specific context. Moreover, it is critical to stop behaviors socially unfavorable because people learn from the others.

Here, the public administration should dissuade these negative circumstances to guide toward a better decision-path. Furthermore, in each architecture choice system, there should be a *default option*: a rule that decides what will happened if the person choses to keep the current situation unchanged. It acts as a powerful nudge.

Many organizations in both the public and the private sector have discovered the immense power of default options.[31] Thaler and Sunstein believe that required choice, favored by the ones who like freedom, is sometimes the best way to go.[32] Thus, as these authors suggest, it necessary to look at two elements. On one side, people will often consider this kind of choice to be a nuisance, and would prefer a good default. On the other side, required choosing is better for simple yes or-no decisions than for more complex ones.

Remembering that a careful explanation of the default options implies relevant results in the specific situation. A bunch of experiments highlights that even small changes in the choice architecture can bring desired goals with few or no costs.

An easy method can be to modify the default option; thus, individuals are already in the social desirable conditions instead of waiting for their choices to reach them. This increases the chance that they make the more efficient choice. The related literature shows the impact of putting temporal deadline in the decision path to avoid the postponing effect, especially as complexity raises.

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[31] Thaler, R.H. and Sunstein, C.R. (2008), *Nudge: Improving Decisions about Health, Wealth and Happiness.* New Haven, CT, and London: Yale University Press. p.85.
[32] Ibidem. p.38.

In this scenario, to reach successful results governments aim at policies facing clear information for citizens. Thus, they reduce strongly the possible options, standardizing them.

For these reasons, the role of the architect is relevant in defining the statement which become a very efficient nudge in the decision process. To sum up, it is essential to define the social influence. The architect has to consider it to better highlights the advantages and disadvantages of particular behaviors. Furthermore, humans are often impacted by the others' behavior, especially if belonging to the same community/social group. Thus, the architect has to send the nudge toward the bad behavior using peculiar information and actions.

One of the most popular examples is the obesity one. Different studies explain that obesity is contagious[33]. This means that as people of the same group increase their weight, then the single individual risks to get fat easily. [34] Another interesting case deals with the academic results of university students influenced by the random choice of the roommate. Results demonstrate that the distribution in the room of a student house highly influence the average score of the individual as well as his future prospective.[35]

In these mentioned cases as in others, architects can change peculiar behaviors using a simple nudge that informs individuals about others' behavior. Of course, the advantageous and right behaviors should be pushed to drive the overall community toward a better lifestyle conduct, always considering the social context. Human beings are mostly conformist that is why they tend to be easily nudge by others. At the same time, cultural features, political aspects, economic and social elements should be examined during this decision path.

Nowadays, to improve citizens' lives, public administrations should adopt nudge regulations to create a more efficient, economical and transparent system. Following the behavioral science, governments can reduce costs and build

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[33] Thaler, R.H. and Sunstein, C.R. (2008), *Nudge: Improving Decisions about Health, Wealth and Happiness.* New Haven, CT, and London: Yale University Press. p.64.
[34] See for example Christakis N., Fowler J. (2007). *The Spread of Obesity in a Large Social Network over 32 Years*, New England Journal of Medicine. 357: 370–79.
[35] See for example Sacerdote B. (2001). *Peer Effects with Random Assignment: Results for Dartmouth Roommates*, Quarterly Journal of Economics. 116: 681–704.

default rules to improve the overall society. In the meanwhile, it is important to stimulate an active participation of the community in the fulfillment and widespread of the specific services.

A growing number of countries test this approach, many experiments emerged. For instance, the United Kingdom reaches different excellent results as the one done among a sample of unemployed people in Essex. In fact, the employment centers change their procedures from a traditional to an alternative method. This means that citizens became direct collaborators of the service bringing to an increase of the employment rate of 17.5%.[36]

The latter is just an example on citizens that become integral part of the decision process, collaborating with the policy maker as crucial resources.

1.3 Policy-decisional Cycle

Before entering in details by describing the policy-decisional cycle, it necessary to mention the three faces of politic: polity, politics and policy. Polity defines the identity of a political community; politics is strictly related to the political power sphere. Finally, policy refers to the public policies: public policies are the political product in the form of governmental decisions. Theodore J. Lowi, an American political scientist, has formulated a typology based on two objective criteria: normative-regulatory character and the systemic involvement degree.

It is important to highlight the fact that the nudge approach is presented as an architecture of choice. In the typology of Lowi correspond to the regulatory phase of public policies; indeed, *"Policy may determine politics[37]"*.

In other words, it represents the delineation of the organizational context where individuals give or obtain information's on the positive or negative consequences about the decisions. The literal translation of nudge makes the idea of a specific decisional approach defined as soft paternalism in order to direct behaviors towards goals of public interest through the moral suasion logic.

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[36] Levi E. (2014) *Rinnovare l'intervento pubblico: i nudges nell'esperienza inglese*. Etica economica.

[37] Lowi T.J. (1972) *Four System of policy, politics and choice.*

Returning to the issue at hand, as discussed in the above paragraphs, policy makers expand their interests in improving citizens' wellbeing following an innovative perspective. Policy-making implies the recognition of a policy issue that need an intervention. To deeper analyze the development of a policy item, political scientists consider the policy process as going through a sequence of stages.

To complete this chapter on the new paradigm of public policies, it is important to have a review of the policy cycle framework since the latter is a rule of thumb to study how a policy is created.

The idea of modeling, following a stages approach, was firstly presented by Lasswell in 1956[38]. This author defined a model of seven stages (intelligence, promotion, prescription, invocation, application, termination, and appraisal) which was adopted in different policy processes.

However, as time passed, a huge number of researches has emerged, the ones developed, for instance, by Brewer and deLeon[39], May and Wildavsky[40], Anderson[41], and Jenkins[42] become the most popular. In our period, the political field usually adopts the following stages: agenda-setting, policy formulation, decision making, implementation, and evaluation (eventually bringing to termination).

Below, a description of each of them to have an overview of the political cycle using some hints in a historical perspective[43]:

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[38] Lasswell, H.D. (1956). *The Decision Process: Seven Categories of Functional Analysis*. College Park: University of Maryland Press.

[39] Brewer, G., and deLeon, P. (1983). *The Foundations of Policy Analysis*. Monterey, Cal.: Brooks, Cole.

[40] May, J.P., and Wildavsky, A. (ed.) (1978). *The Policy Cycle*. Beverly Hills, CA: Sage.

[41] Anderson, J.E. (1975). *Public Policymaking*. New York: Praeger.

[42] Jenkins, W.I., (1978). *Policy-Analysis. A Political and Organisational Perspective*. London: Martin Robertsen.

[43] The Policy Cycle is an important topic among scientists and practitioners, a huge amount of literature exists. This thesis presents a brief description of this stage approach. For deeper analysis: Fisher F., Miller G.J., Sidney M.S. (2007). *Handbook of Public Policies analysis. Theory politics and methods*. CRC press.

- Agenda setting

As the social problem has been defined to be a necessity of intervention, the first stage comes out. Thus, the policy makers should establish the so-called agenda, which represents: *the list of subjects or problems to which governmental officials, and people outside the government closely associated with those officials, are paying some serious attention at any given time*.[44]

During this step is critical to formalize the key variables. Today, we face the presence of different patterns of agenda-setting due to the actor composition and the role of the public sphere[45]. This happened especially in case of new problems; thus, a distinctive role of this setting and of policy making arise. [46]

A bunch of interacting factors determines whether a policy problem becomes a major topic on the policy agenda. The elements usually consider by the scientists are both the material conditions of the policy scenario as well as the flow and cycle of ideas and ideologies, which are relevant in finding the proper solution.

In this era, one of the key topic for policy analysts is the possibility that some individual or institution may have a unique power over the agenda. The European Union is a relevant example of this kind of control. The European Commission, in fact, is crucial in the legislative process highlighting a monopoly in the policy initiation. This means that it is fundamental to understand clearly what this implies in the setting.[47]

In other terms, nowadays, the study of agenda setting is an important way to start understanding how groups, power, and the agenda work to set the boundaries of political policy discussion.

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[44] Kingdon, J.W. (1995). *Agenda, Alternatives, and Public Policies*. 2nd Edition. New York: HarperCollins College Publishers.

[45] Howlett, M., and Ramesh, M. (2003). *Studying Public Policy. Policy Cycles and Policy Subsystems*. 2nd Edition. Oxford: Oxford University Press.

[46] Hood, C., Rothstein, H., and Baldwin, R. (2001). *The Government of Risk. Understanding Risk Regulation Regimes*. Oxford: Oxford University Press.

[47] Moran M., Rein M., Goodin R.E. (2006). *The Oxford handbook of Public policy*. Oxford University press.

- Policy formulation and decision making

The second and third step of this conventional way to describe the chronology of a policy process are the policy formulation and the decision making. Here, we follow the approach that these stages are together because: policies will not always be formalized into separate programs and a clear-cut separation between formulation and decision-making is very often impossible.[48] Thus, this includes both the definition of objectives that the policy has to reached taking into account for alternatives options and the ultimate course of action.

Over the last decades, several approaches have been investigated also coming from other scientific disciplines (as for example from organizational decision theories). In 1960s and 1970s, many western governments suggested introducing techniques and tools of more rational decision-making given the huge confidence in the long-term planning.[49]

As time passes, new actors and features stood out. For instance, the role think-tanks and international organizations modifies the policy-making process between governments and beyond.[50] To conclude, most of the literature dealing with the role of knowledge in policy creation suggest that, nowadays, knowledge is more spread than in the past beyond the boundaries of governments.

In other words, experts and international institutions (i.e. Organization for Economic Co-operation and Development) gain a crucial role in communicating knowledge within the public debate on political issues.[51] So, especially in developed countries with democratic system, policy formulation is a not easy process that is characterized by public actors that have an important but, not often, decisive position.

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[48] Fisher F., Miller G.J., Sidney M.S. (2007). *Handbook of Public Policies analysis. Theory politics and methods*. CRC press.

[49] An example is the one presented by the U.S. government: Planning Programming Budgeting Systems (PPBS).

[50] Stone, D. (2004). *Transfer Agents and Global Networks in the 'Transnationalisation' of Policy*. Journal of European Public Policy, 11(3), 545–66.

[51] Albaek, E. (1998). *Knowledge, interests and the many meanings of evaluation: a development perspective.* Scandinavian Journal of Social Welfare, 7, 94–98.

- Implementation

The next step of the policy cycle is known as implementation that represents the execution or enforcement of a policy phase, hold by the responsible institutions-organizations. We can define it as: *what happens between the establishment of an apparent intention on the part of the government to do something, or to stop doing something, and the ultimate impact in the world of action*.[52]

This is critical part of the process because policies are often changed, and their execution will delay or, in some cases, stopped. The policy maker has, therefore, to follow peculiar elements to identify a greater implementation: program details specification, resources allocations and carrying out decisions.

Also, this stage presented an evolution. The first generation (1970s and early 1980s) of research in this field had a hierarchical and top-down approach. They were focused on enhancing the internal administrative and governmental capabilities.

This was followed by hybrid theories until the new generation. In fact, in late 1980s, the bottom up branch spread. Here, the main focus is understanding the patterns of state-society interaction and analyzing the institutional set-up of organizational sectors in the overall society (i.e. health, education).

Today, the classic hierarchical governance is not anymore considered. Policy networks and negotiated methods of coordination between the private and public actors better represent the actual governances.

- Evaluation and termination

As discussed above, policy-making is supposed to solve problems or at least to adjust them. During this last stage, called evaluation, these expected outcomes become the main elements. However, evaluation has a double perspective. On

[52] O'Toole L.J. (2000). *Research on Policy Implementation. Assessment and Prospects*. Journal of Public Administration Research and Theory, 19(2), 263–288. p. 266.

one side, it links to the final stage of the policy cycle that could finish with the termination of the policy. On the other side, it deals with the redesign of a specific policy due to possible changes.

Furthermore, it is also a separate branch that studies the results of a peculiar policy. Therefore, the evaluation is not closed to a phase of the policy path, instead, it is applied to the overall process in different time frames.

Historically speaking, researches in this fields emerged in U.S.A. during the Great society reform program during the 1960s. Then, it reached also Europe and spread across OECD countries.

This happened with the aim of testing new political options in a systematic manner.[53] However, still today and the growing numbers of research tools used, it remains not easy to distinguish among the effects of peculiar policy measures and the related results. Moreover, it is not only analysed by the scientific side, but also by the administration one with different features of evaluation.

From the agenda setting to the evaluation, all the stages of the policy process, do not occur in a vacuum. The likelihood that a specific problem will capture the agenda depends on the issue itself and on the actors and, often, on peculiar social and political factors. But theories and the relevant literature of the policy cycle together with the experiments, accumulated in the last decades, are enabling the academic and the practitioners' world in better understanding policy formulation.

[53] May, P.J. (1991). *Reconsidering policy design: policies and publics*. Journal of Public Policy, 11(2), 187– 206.

CHAPTER 2

THE BEHAVIORAL APPROACH AND THE BEHAVIOURAL INSIGHTS UNITS CREATION IN THE EUROPEAN UNION

Policy making shows an increasing use of the behavioural approach. The major international organizations (i.e. World Bank and OECD) emphasize, in their reports, the importance of implementing the behavioural dimension in policy field and, moreover, several European countries, within the top level of policy-making, have created behavioural insights.

Moreover, the European Union has recognized the so called "behavioural insights" as a pivotal input to policy-making. Since 2006, the European Commission has brought this approach into legislation and regulatory interventions, using the nudge philosophy in several cases, from the Directive on Consumer Rights and other consumer protection interventions, to competition policy decision.

In this scenario, it is important to trace the birth and the development of this alternative way to deal with public policies. Therefore, this chapter aims to conduct a census of the European initiatives in terms of behavioural insights, focusing on the creation of behavioural units. It also presents the state-of-the-art in European countries and proposes the fields of behavioural insights policies as identified by the European authorities.

2.1 The birth of the behavioural insights approach in the European Union

The European Commission's first explicit reference to behavioural insights is contained in the Directive on Consumer Rights to the European Parliament and the European Council, approved in 2009[54]. This Directive includes a clause limiting the use of default options in consumer contracts, acknowledging the scientific evidence on the impact of default options[55].

As previously mentioned, the literature has extensively studied the decision biases, pointing out that, according to the default option effect, «human beings have a preference for choosing a given default option compared to choosing other options»[56]. According to this, default options operate in many areas such as investment, insurance and marketing[57].

At the European level, behavioural economics has been used to promote a debasing effect through law. In particular, sellers had to ask and obtain the consumer's direct approval for each payment that was in addition to the mandatory contract. In fact, they could not introduce defaults of collateral payments that, in order not be invalid, should be actively rejected by the consumer.

This proposal was adopted in 2011 and its impact was very remarkable on a series of unwanted automatic payments such as those of the "pre-checked boxes" for additional services[58] in the online booking of the low-cost airline flights.

Two other early examples are the so called "cooling-off period"[59], provided in much of EU consumer protection legislation, and the health claims proposal[60]. The behavioural approach operated also in the Health and Nutritional Claims

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54 Alemanno A., Sibony A.-L. (2015), *Nudge and the law: a European perspective*, Oxford, Hart Publishing.

55 European Union, (2017) *Behavioural Insights applied to policy,* Bruxelles, European Union, p. 8.

56 Schermann G.K., Kohl, C. Preißinger, J. Krcmar, (2016) *Using the Default Option Bias to Influence Decision Making While Driving*, in International Journal of Human-Computer Interaction, p. 40.

57 European Commission, *Consumer Rights: 10 ways the new EU Consumer Rights Directive will give people stronger rights when they shop online*, in *European Commission Press release database*, Nov.2015.

58 Such as the precedence in the baggage priority.

59 The cooling-off period refers to the time span during which customers have an unconditional right to cancel a contract and it is "a remedy advocated to allow consumers to act on regrets due to myopia or impulse buying".

60 Ciriolo E. (2011), *Behavioural Economics in the European Commission: past, present and future,* in *Oxera Agenda*, p. 2.

Regulation (No. 1924/2006), aimed at harmonizing rules for the use of health or nutritional claims on foodstuffs.

As noted by Zuidhof, this Directive "directly follows from the behavioural insights that actors tend to suffer from default bias and that a prohibition on pre-checked boxes is a minor alteration in the purchasing environment that allows consumers to remain closer to their interests"[61].

Another scholar points out that "while the nudging has to operate not in a conflicting way compared to the individual objectives, the *Behavioural insights* approach does not have this limit and its goal is to use every kind of means, even coercive and opposite to the single action purpose, with the aim of protecting the human well-being (set at the government level)"[62].

In the next years, as a result of the growing interest in nudge approach, the European Commission promoted the application of behavioural economics in different policy fields[63]. This application took the form of directives, official recommendations, and proposals for regulation[64]. In 2009, the European Commission intervened in the field of competition, imposing Microsoft on inserting a "choice screen" that allows consumers to decide which browser to install[65].

Microsoft's defence was founded on the neoclassical approach. While, the Commission and Court of Justice referred to the consumer behaviour. The

[61] Zuidhof P.W., (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, Council of European Studies 23rd International Conference of Europeanists, Resilient Europe? April 14-16, p. 9.

[62] Viale R., (2016). "*Behavioural insights", nudging e politiche pubbliche europee,* in *Europa: un'utopia in costruzione*, Roma, Istituto della Enciclopedia Italiana, p. 76. This scholar notes that the obligation of the belts for the motorist or the crash-helmet for the motorcyclist, the ban on smoking in public places, are all coercive measures that would have been the natural consequence of a behavioural analysis of the ineffectiveness of persuasion instruments or psychological manipulation, such as those proposed by nudging.

[63] Van Bavel R., Rodríguez-Priego N., Maghiros I., (2015). *Seven Points to Remember when Conducting Behavioural Studies in Support of EU Policy-making*, working paper.

[64] Mathis K., Tor A., (2015). *Nudging-Possibilities, Limitations and Applications in European Law and Economics,* Dordrecht, Springer.

[65] Case COMP/C-3/37.792, Microsoft Corp., European Commission Decision of 24.03.2004 Relating to a Proceeding under Article 82 of the EC Treaty 5, Apr. 21, 2004.

Commission's decision was not informed on behavioural insights, but they played a role "in concluding on the exact technical solution offered by Microsoft that was cleared of remaining default biases after conducting a market test" [66]. Then, in 2011, the Directive on Consumer Rights (2011/83/EC) stated the prohibition of pre-ticked boxes on e-commerce websites[67].

Three years later, in 2014, the European Commission ruled the area of the tobacco product packaging, by the Revised Tobacco Products Directive (2014/40/EU). This Directive emphasized the graphic warnings and display ban, showing a new behavioural orientation in tobacco regulation[68]. Rather than directing the consumers' behaviour through information about health hazards or financial incentives (like taxes), it nudges consumers by changing their decisional approach to safeguard their health interests. The Directive 2014/40/EU is perhaps the first case in which the European legislator was explicitly guided by behavioural research.

In this perspective, a second remarkable field of European Union's engagement was the behavioural studies commissioned by the Commission. An example is, in 2010, the *Consumer Decision-Making in Retail Investment Services: A Behavioural Economics Perspective,* that analyses the decision-making process of consumers in the market for retail investment services.

The European Commission, indeed, on the basis of the *Consumer Market Scoreboard* (2009), identified the market for retail investment services as one of the sectors characterized by law performances for consumers. This market has evolved and has become increasingly complex to be effectively addressed by a consumer without an adequate financial education. Moreover, the Commission considered the hypothesis that some inadequate performances of these markets was caused by their improper behavioral design[69].

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[66] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 9.
[67] Sibony A.L., Alemano A., (2014) *The Emergence of Behavioural Policy-Making: A European Perspective*, in Id. (eds.), *Nudge and the law: a European perspective*, p. 46.
[68] Alemanno A. (2012) *Nudging Smokers - The Behavioural Turn of Tobacco Risk Regulation,* in *European Journal of Risk Regulation*, 3 (1), pp. 32-42.
[69] Ciriolo E. (2016) *Do behavioural insights matter for competition policy*, in *CPI Europe Column*, 15 July.

These markets, in other words, were not in keeping with some behavioral constants of the human decision maker. According to *Consumer Market Scoreboard*, indeed, only 13% of consumers have affirmed to use their consumer rights on the individual level and only about half were satisfied with the results of their complaints.

For this reason, in 2010, the EC promoted the implementation of the first behavioral study on decision-making in the field of retail investment services. The report titled *Consumer Decision-Making in Retail Investment Services* explained how consumer' beliefs in the matter of investment decisions may present intertemporal biases and framing effects. The results of this study were explained at the second Behavioural Economics Conference, organized by the Commission in 2009[70], and favoured the adoption of the Regulation on Key Information Documents for packaged retail and insurance-based investment products (PRIIPs)[71].

The 2009-2010 studies help to clarify that also in liberalized and competitive markets such as those of energy, telephony and finance, the increasing and unnecessary complexity of many products prevent consumers carrying out his conscious choice action.

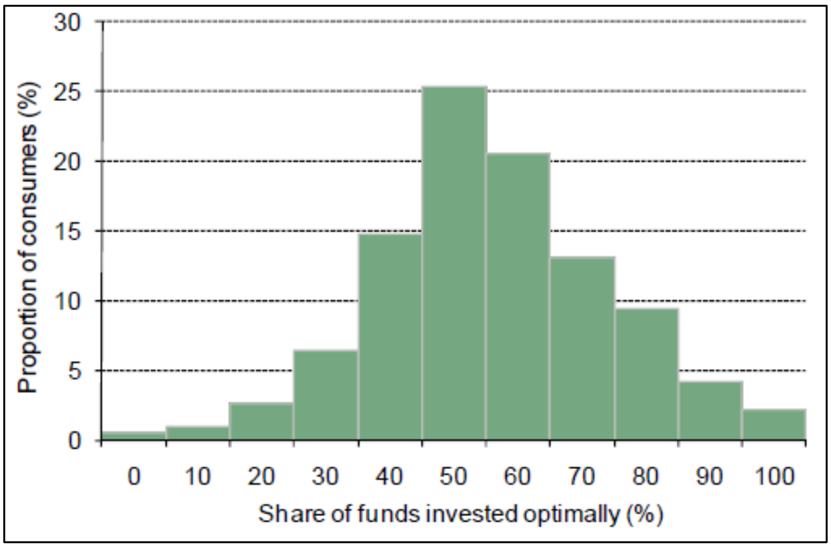
To find a solution to this situation, the European Commission promoted a large empirical study, carried out in eight European countries[72]. It verified that people was in trouble to realize even minimal investments. This inability was in part due to limited financial literacy or to the information asymmetry, but it was also determined by the behavioural traits and market features driving consumers towards choices.

As summarizes by Viale: "only the 56% of the financial resources are invested in the right way and only 1,4% of the individuals are able to answer to the five tests presented to understand their financial competences. People tested shows a number of bias as the *framing effect*, and the not proportionate aversion to the

[70] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 11.
[71] EU No 1286/2014.
[72] European Commission, *Study on consumer decision-making on retail investment services suggested that simplification*, COM (2009)25, final of 28/1/2010.

uncertainty and complexity. This reveals that the neoclassical principles about the consumers protection (i.e. disclosure) have opposite effect compared to the regulatory intentions. The excessive information quantity increases the complexity and creates a cognitive overloading with suboptimal outcomes in terms of performance, reasoning and decision"[73].

Fig. 1: Money allocation between two alternative investment products



Source: European Commission, Consumer Decision-Making in Retail Investment Services: A Behavioural Economics Perspective: Final Report', November 2010.

The study suggested that standardization and simplification of product information reduces bias (in particular framing effects) in investment decisions and helps individuals to make more optimal choices[74]. In 2013, the European Commission promoted a regulation on Online Dispute Resolution (ODR) and a directive on Alternative Dispute Resolution (ADR). This legislation allows

[73] Viale R. (2016) "*Behavioral insights", nudging e politiche pubbliche europee,* in *Europa: un'utopia in costruzione*, p. 4.

[74] Bavel R., Herrmann B., Esposito G., Proestakis A., (2013) *Applying Behavioural Sciences to EU Policy: making (JRC Scientific and policy reports)*, Luxembourg, European Commission.

consumers and traders to resolve their disputes without going to court, in an easy, fast and inexpensive way[75].

Following this wave, other behavioural studies were promoted by the Commission in order to modify the legal framework of the Mifid II and the Recommendation on online gambling (2014/478/EU). The study related to this second initiative has been promoted by the Consumer, Health and Food Executive Agency (Chafea) and has used experimental settings to assess the response of online gamblers to existing and new protective policy measures[76].

Table. 1: The rise of behavioural insights in the European Union

2008	*Nudge* *Predictably Irrational* *Basic Instincts*
2009	EC uses BIs in Consumer Rights, banning the use of pre-checked boxes EC uses BIs in competition policy
2010	Creation of the UK BIT Publication: *MINDSPACE* The EC uses BIs in the review of the PRIPS legislation (Packaged Retail Investments Services)
2011	*Thinking Fast and Slow*
2013	*The power of habit*
2014	The EC uses BIs to design a set of recommendations for MSs, on online gambling. The EC uses BIs for the revision of the Tobacco Products
2015	Publications: *Mind, Society and Behaviour (WB)* *Phishing for Fools*
2016	The EC publishes BIAP 2016

Source: Ciriolo E., Behavioural Insights at EU level to policy, 2017, p. 6.

[75] European Commission, *Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level,* Workshop Report, 2017, p. 6.
[76] Chafea, (2014) *Study on online gambling and adequate measures for the protection of consumers of gambling services.*

Another example of behavioural policy is the Proposal for a regulation on energy efficiency labelling[77]. The new regulation proposes to modify the labelling system, showing that “while the new label scale is understandable for consumers, it has reduced their willingness to pay more for more efficient products, because they are less motivated by a difference between A+ and A+++ than by a difference between C and A”[78].

The previous analysis shows that, although behavioural legal and economic approach remains marginal into EU policy making, its insights and techniques have gained a remarkable role. In the past decade, indeed, behavioural insights and behavioural economics operated as a legitimate input able to influence legislation. Secondly, Table 2, behavioural insights adopted many different patterns to act into EU policy. If behavioural policy, as points out a scholar, “was nearly exclusively concentrated in the areas of consumer policy, environmental policy, health and food safety, in the last years it has broadened its operative field in the areas of taxation, culture, education and sport”[79].

The Europeans behavioural approach addresses the role of paternalist policies. This is exemplified in the Commission report focused on *Paternalism in social policy.* This document concludes that paternalistic policy approaches are justifiable in circumstances where high-risk decisions are involved, where decisions are irreversible or where individuals may be suffering from internal decision-making biases.

It is also identified in this report that public acceptance of paternalist interventions can be increased when they are justified in terms of an individual’s own values and when they do not excessively undermine autonomy. The conclusions offered provide that circumstances involving potential or actual

[77] European Commission, *Proposal for a regulation on energy efficiency labelling*, COM/2015/0341 final.
[78] European Commission, *Report from the Commission to the European Parliament and the Council, Review of Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication of labelling and standard product information of the consumption of energy and other resources by energy-related products*, COM (2015) 345 final, 6 April 2016, p. 6.
[79] Zuidhof P.W. (2016). *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 12.

discrimination, proportionality, accountability and efficacy represent areas that will benefit from paternalist intervention.

Through this light, paternalist policies are justifiable in almost all matters where there is asymmetry in power and information. The Table 2 shows the main policy initiatives promoted in EU on the basis on behavioural economics.

Table 2: Behavioural policy initiatives in the European Union

Year	*Area*	*Study*	*Research Institution*	*Directorate General*
Consumer Policy				
2011	Digital Agenda	Consumer behaviour in a digital environment	London Economics	EP, DG Internal Affairs
2012	Bank Fees	Bank Fees Behaviour Study	TNS	DG Health and Consumers
2013	Common Sales Law	Testing of a Standardized Information Notice for Consumers on the Common European Sales Law	Gallup	DG Justice and Consumers
Environmental Policy				
2013	CO2 Labelling	Testing CO2/Car labelling options and consumer information	LSE and Partners	DG Climate Action
2013	Energy Labelling	Study on the impact of the energy label – and potential changes to it – on consumer understanding and on purchase decisions	London Economics	DG Energy
2014	Consumer Behavior	Influences on consumer behaviour: Policy implications beyond nudging	Ecological Institute	DG Environment
Health Policy				
2014	Patient rights	Impact of information on patients' choice within the context of the Directive 2011/24/EU of the European Parliament and of the Council on the application of patients' rights in cross-border healthcare	London Economics	CHAFEA, DG Health and Consumers
2014	Sustainability Information	Study on the effects on consumer behaviour of online sustainability information displays	Ecorys	EAHC, DG Health and Consumers
2014	Food Information	Study on the Impact of Food Information on Consumers' Decision Making	TNS	CHAFEA, DG Health and Consumers
2015	Eating Habits	Milan BExpo 2015: A behavioural study on food choices and eating habits	Ecorys	CHAFEA, DG Health and Consumers
Taxation				
2014	Taxation	Behavioural Economics and Taxation	EC Joint Research Council	DG Taxation and Customs Union

Source: Zuidhof P.W. (2016). Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking., p. 11.

As the Table shows, the application of behavioural insights in European Union has concerned with four areas: the consumer policy, the health policy, the environmental policy and taxation. The recent report titled *The application of behavioural insights to policy in Europe* has identified, in particular, a main policy issue for each operative area, as summarizes the following Table:

Table 3: Selected policy issues

Policy area	Policy issue
Consumer protection (general)	How to encourage consumers to use Alternative and Online Dispute Resolution procedures?
Consumer protection (financial)	How to improve consumers' understanding of the risk/reward profile of financial products?
Employment	How to apply behavioural insights to recruitment and have more inclusive work environments?
Environment	How to incentivise consumers to dispose of products in a more environmentally-friendly way?
Health	How to tackle obesity?
Public sector modernisation and reform	How to encourage staff to embrace changes in administrative procedures?
Taxation	How to increase tax compliance?

Source: European Commission, Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level, Workshop Report, 2017, p. 4.

2.2 The creation of nudge units in the EU

In the international framework, the application of behavioural insights related to the workings of government has assumed a variety of names: nudge units, behavioural teams, behavioural economics teams. All agencies, nevertheless, refer to the work of the first Behavioural Insights Team (BIT) in the United Kingdom [80] (for further details, see Chapter 3).

In 2010, indeed, the British government installed a "nudge unit" to help identify potential areas of policy improvement. The aim of BIT was "to explore ways to improve public services through the application of strategies based on the underpinnings of realistic human behaviour"[81].

Since then, leading institutions have likewise embraced the behaviourally informed approach as a useful extension to the policy-makers' standard toolkit. In national contexts, many reported nudge units have been created by different governments such as the Danish, Australian, Canadian and US.

Focusing on the European policies, since 2008 behavioural economics and nudge were adopted by the European Commission. The first step was the creation of the Directorate for Health and Consumers (SANCO), now named DG Justice and Consumers[82]. This Directorate operates in the areas of consumer affairs and health policy.

As Zuidhof notes "the entry of behavioural economics into policy does not take place in policy areas that are typically considered economic, such as: monetary policy, fiscal policy, competition and regulation of the internal market, financial markets, labour markets, or taxation"[83]. Moreover, Camerer, Loewenstein and Rabin, in their work devoted to behavioural economics[84], point

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[80] Viale R. (2016) "*Behavioural insights", nudging e politiche pubbliche europee,* in Europa: un'utopia in costruzione, p. 6.

[81] Gregor S., Lee-Archer B. (2016) *The digital nudge in social security administration,* in International Social Security Review, p. 5.

[82] European Commission (2013) *Applying Behavioural Sciences to EU Policy-making*, Joint Research Centre Scientific and Policy, 2013.

[83] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 15.

[84] Camerer C., Loewenstein G., Rabin M. (2004) *Advances in behavioural economics, The roundtable series in behavioural economics*. New York, Princeton.

out that the most important areas of nudge application are consumer affairs, labour markets, saving, health policy, and finance[85].

In fact, the European behavioural policy is not exclusively concentrated in the areas of consumer policy, even if its beginning was quite difficult. Given the macroeconomic crisis and high unemployment, indeed, one would expect behavioural policy on finance and labour markets. Instead, only in recent years nudge approach broaden its operative fields in noneconomic domains, such as in environmental policy, health and food safety, taxation and, more recently, in education, youth, culture and sport[86].

Following this new scenario, specific units were created and charged to issue behavioural and psychological studies. A census of these units includes those instituted in different fields:

- Health and Food Safety (DG SANTE/SANCO);
- Justice and Consumers (DG JUST);
- Communications Networks;
- Content and Technology (CNECT);
- Climate Action (DG CLIMATE);
- Environment (ENV);
- Taxations and Customs (TAXUD).

In 2014, the European Commission created an in-house science service, the Foresight and Behavioural Insights Unit (FBIU), in the context of Joint Research Centre (JRC). This latter imitated the successes of British BIT and organically formed an EU policy lab with their own right.

The creation of FBIU fully institutionalized the EU's behavioural policy lab. Its function, in analogy with the World Bank and OECD's BIs initiatives, is to

[85] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 15.
[86] Ibidem.

help the European legislator to set up and implement, in a behavioral perspective, the public decisions taken at European level[87].

EU Policy Lab presents itself as an "experimental space for innovative policy-making", that uses advanced policy technologies such as "Foresight" and "Design Thinking," alongside Behavioural Insight. Its mission is to "serve all Commission's Directorates and focus on the creation of bridges and synergies".

Policy testing function of the Policy Lab permits, when successful, to "legitimize the recourse to behavioural approach and to extend this standard to other policy initiatives"[88]. Another function of Policy Lab is that of policy mainstreaming. Studies on behaviour, indeed, can be used to define normative standards and to promote future researches.

The EC's Foresight and Behavioural Insights Unit (FBIU) carries on three remarkable functions in the transmission of behavioural knowledge.

The first function refers to the policy testing and to gain experience with behavioural policy making. In 2008, DG SANCO commissioned a pilot study on retail investment services. Through a series of laboratory experiments, the study observed how consumers reacted when faced with a choice between different investment products. It found that people struggled to make optimal investment choices even in the most simplified of environments. It also showed that subjects were prone to biases and framing effects (i.e. the way in which choices were presented).

One of the conclusions of this work was that simplifying and standardizing product information would significantly improve investment decisions. DG SANCO also organized the first EU conference devoted to the question of how to "best apply behavioural economics to consumer-related policy "[89]. The aims of this conference were summarized as[90]:

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[87] EC Joint Research Council. Foresight and Behavioural Insights Unit (2016) in https://ec.europa.eu/jrc/ en/research/crosscutting-activities/behavioural-insights.

[88] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 17.

[89] DG Health and Consumer Protection (2008) *Conference "How Can Behavioural Economics Improve Policies Affecting Consumers?".* 28 November 2008.

[90] DG Health and Consumer Protection. Conference (2010) *Behavioural Economics, so What: Should Policy-Makers Care?* 22 November 2010.

> This conference will be an opportunity to present the results of the joint MARKT SANCO pilot behavioural study on retail investment services. The approach used in this first behavioural study could form the basis of a framework contract to be used by all Commission services to carry out behavioural experiments to road test regulatory or policy remedies. In addition, the conference will be an opportunity to review and discuss how the behavioural approach is being used by other national and international institutions … to gather useful evidence to inform policy-making. Indeed, the insights of behavioural economics could be applied to any policy that seeks to shape behaviour of individuals. … If policymakers want to influence behaviours, they should follow suit and master these innovative approaches.

Encouraged by the success of this study and responding to expressions of interest from across the Commission, in 2012 DG SANCO set up the Framework Contract for the Provision of Behavioural Studies, open to all Commission services. Its purpose is to facilitate the running of behavioural studies in support of EU policy-making.

However, given the interest raised across Commission services and the number of studies expected to be launched in the first years, DG SANCO requested assistance from the Joint Research Centre to provide scientific support. This collaboration started in 2012 and will continue for the foreseeable future, covering a wide range of policy areas, from CO2 labelling in cars to package travel regulation.

As this work mentioned above, the basic insight that "human beings err" puts a new perspective on policy-making. Where agents are viewed as being perfectly rational, mistakes are more or less ruled out by definition and thus policies are not necessary to help them. In contrast, within a *homo sapiens* paradigm, policymakers may need to impose a specific framework (a choice architecture) which is designed to assist people in achieving their own goals[91].

Nudge theory amplifies policymakers' understanding of how choice architects can help people make better choices. As described in Chapter 1, a choice architecture is defined as the social background against which choices are made, and choice architects are those in charge of its design. While, a nudge is "any aspect of choice architecture that alters people's behaviour in a predictable

[91] Thaler R. H., Sunstein C.R. (2008) *Nudge. Improving decisions about health, wealth, and happiness*, New Haven: Yale University Press, p. 5.

way without forbidding any options or significantly changing their economic consequences. To count as a mere nudge, the intervention must be easy and cheap to avoid”[92].

In this behaviourally informed policy perspective, examples for successful in the finance domain include the increased savings rates which result from adjustments to default choices, or from the use of text message reminders[93], the increased tax compliance arising from the use of normative messages in tax letters, and the increase in charitable giving as a result of re-framing.

Economists have classified the corresponding problem to the behavioural solution as behavioural market failure[94]. Unlike other forms of market failure, this one cannot be resolved through conventional tools like taxes, subsidies, output regulation, or mandatory information disclosure. Overcoming market inefficiencies caused by consumers’ cognitive limitations and psychological biases calls for the use of more subtle tools such as reminders, smart default options, and simplification[95].

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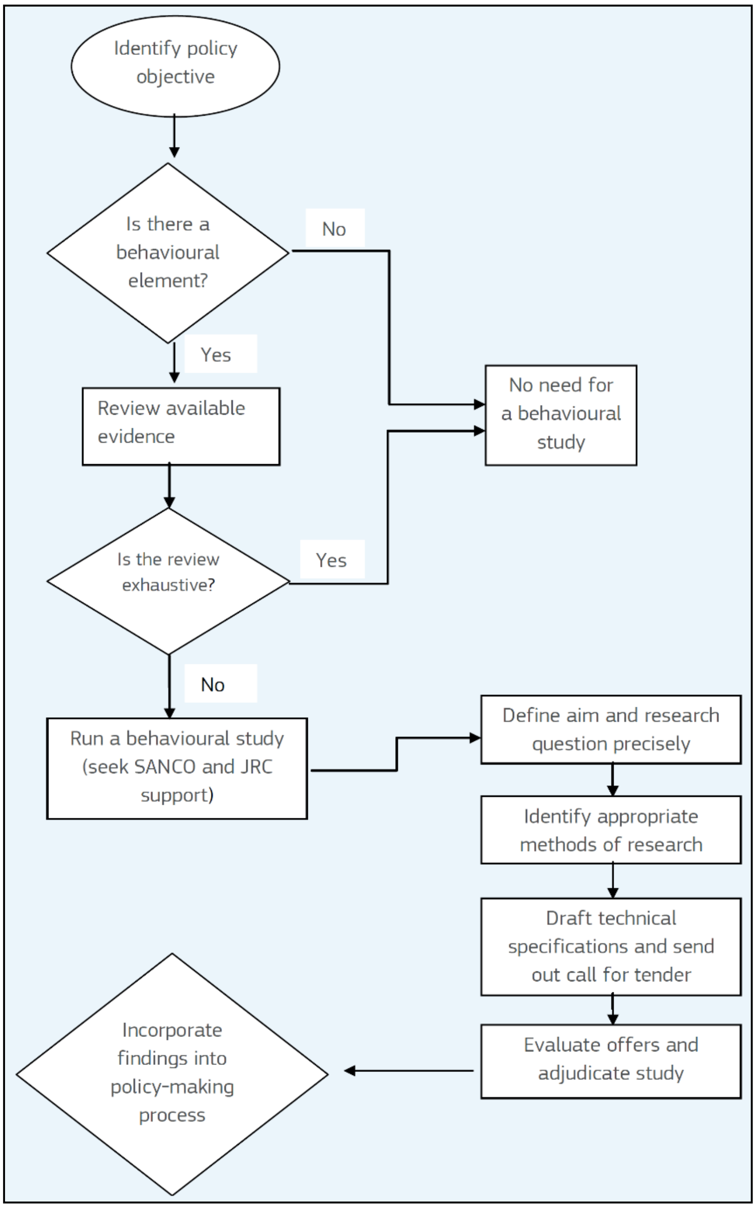
[92] Ibidem, p. 6.

[93] Karlan D., McConnell M., Mullainathan S., Zinman J. (2010) *Getting to the top of mind: How reminders increase saving,* NBER Working Paper Series.

[94] Sunstein C.R. (2013) *Simpler. The future of government*, New York, Simon & Schuster, p. 21.

[95] Thaler R.H., Sunstein C.R. (2008) *Nudge. Improving decisions about health, wealth, and happiness*. p. 12.

Fig. 2 Planning a behavioural study in the European Commission



Source: Van Bavel R., Herrmann B., Esposito G., Proestakis A. (2013) Applying Behavioural Sciences to EU Policy-making, p. 12.

A second function of policy labs refers to policy mainstreaming. Van Bavel et colleagues[96] note that the growing interest from behavioural approach led DG SANCO to establish the "Framework Contract for the Provision of

[96] Van Bavel R., Herrmann B., Esposito G., Proestakis A. (2013) *Applying Behavioural Sciences to EU Policy-making*, in Jrc Scientific and Policy Reports, European Commission, Joint Research Center.

Behavioural Studies" that promoted the research in this field. Furthermore, in 2012, Joint Research Centre standardized the research methods across Policy Lab, aiming at promoting the mainstreaming behavioural policy making. In 2013, the JRC report, titled *Applying Behavioural Sciences to EU Policymaking,* took a census of national policy initiatives.

The report "briefly explains some core ideas of behavioural science to subsequently explain when to apply behavioural science to policy making but devotes most of its attention to hands on advice about the feasibility of behavioural research for policy and how best to commission a behavioural study"[97].

Finally, in 2014 the JRC organized a workshop, titled *Good Behavioural Research for EU Policy-Making.* The debate between EU professionals and representatives of research consultancies permitted to define some general guidelines for conducting behavioural research for policy. As suggested, "the setting of research standards has been an important factor in mainstreaming and disseminating the use of behavioural science research in EU policy"[98].

A third function of the EU's nudge approach is policy promotion. The phase of testing policy and improving standards is followed, indeed, by the dissemination. One example of a policy promotion technique is the activity of the lab unit created by Directorate Generals of the Justice and Consumers (DG JUST) in order to reform the Mifid (the EU directive for harmonized regulation of financial services) and to promote the sustainable and responsible investment (SRI). This latter provides an opportunity to express and promote ethical values via choice of financial instruments.

Currently Mifid requires that financial intermediaries align retail investors' portfolios with their level of risk tolerance. It is important to highlight that the goal of an obligatory SRI question in financial services is not to reverse the preferences of any investor. Rather the idea is to activate that part of SRI demand

97 Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 18.

98 Ibidem.

which otherwise tends to be blocked out by bounded rationality (notably, the impact of limited attention and lack of salience). As showed, the study realized by the EU policy lab, an appropriate nudge at the moment of choice helps reduce cognitive dissonance. This is in the interest of both the individual, who benefits from an improvement in preference alignment with decision-making, and of society, which may experience an increase in sustainability[99].

This example demonstrates that the activity of Policy Lab permits to support the European Commission and contributes to improve the legislative production. In this perspective, it is justified the inclusion of behavioural principles in the Better Regulation Agenda of 2015. This inclusion "is a clear proof that DG SANCO first and JCR later have fulfilled their roles as policy lab and succeeded in making behavioural economics a standard and integrated element within EU regulation. Thus, conceived the EU Policy Lab proved to be an effective instrument for behaviouralizing EU policy"[100].

Another objective of the EU Policy Lab is to create a collection of policies characterized by behavioural insights and promoted both by European institutions and Member States governments. This project has the target to share the normative material, by an inventory of the European policy initiatives, and to promote a network of behavioural policy practitioners[101]. The latter is an example that the EU's behavioural policy promotion does not remain confined to the level of the EU[102].

In the previous pages, we have pointed out that a behavioural unit was created also by the DG TAXUD in the specific matter of taxation and customs. This unit analysed the issue of corporate tax evasion. Unofficial economy, also defined as

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[99] Bavel R., Herrmann B., Esposito G., Proestakis A. (2013) *Applying Behavioural Sciences to EU Policy: making (JRC Scientific and policy reports)*, p. 14.

[100] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 19.

[101] Sousa Lourenço J., Ciriolo E., Rafael Almeida S., Troussard X. (2016) *Behavioural Insights Applied to Policy. European Report 2016*: EC Joint Research Centre.

[102] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 19.

"shadow economy", is indeed a structural element of the modern economy[103]. In European countries tax nation administrations bring up considerable efforts in contrasting these phenomena. Nevertheless, the recent data evaluating the dimensions of tax evasion show that in European countries the evasion, measured as an average value, reaches 20 per cent of the GDP.

The problem of such dimension entails various worrying consequences. First, tax avoidance and tax evasion alter the distribution of the corporate tax obligations, thus augmenting the burden on honest taxpayers, and imply a reduction of government revenues, which produces a decline in public investments promoted to support the economic growth. Second, tax avoidance causes production inefficiencies, favours the underground economy and diverts resources to unproductive activities, which augments inefficiencies.

In this perspective, tax avoidance is regarded as one of the dangers affecting the soundness and coherence of the tax systems, in that "such phenomena may end up preventing them from the fulfilment of their objectives, partly, because of its negative incidence on the main equality principles (i.e. ability to pay, general taxation, etc.)"[104].

The behavioural unit created by the DG TAXUD realized two studies concerning the phenomenon of tax avoidance, identifying two modalities of strategic tax elusion: tax evasion and tax avoidance. Tax evasion refers to intentional and deliberate illegal behaviours. The subject, indeed, adopts a behaviour contrary to the system (or in contrast with single laws), in order to entirely avoid payment of taxes. Tax avoidance refers, instead, to all illegitimate (but not necessarily illegal) behaviours aimed at reducing tax liability; these behaviours do not violate the letter of the law, but clearly violate its spirit[105].

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[103] Schneider F., Raczkowski K., Mróz B. (2015) *Shadow economy and tax evasion in the EU*, in Journal of Money Laundering Control, 1, p. 34.
[104] Nur-Tegin K. (2008) *Determinants of Business Tax Compliance*, in B.E. Journal of Economic Analysis & Policy, 1, pp. 1-26.
[105] Consultation unit of DG TAXUD (2014), *European Perspectives on Income Taxation Law*, Bruxelles.

The nature of tax avoidance and tax evasion varies from country to country, according to the legal framework, tax authorities' policies and jurisprudential orientations. In the corporate perspective, the distinction between licit and illicit tax behaviours is based on the so called "business purpose doctrine". As notes the consultation unit report, «activities that have no business purpose and are aimed primarily, if not solely, at reducing taxes, should be considered illicit and therefore illegal». On the other hand, "corporate transactions that are motivated by real business considerations and have important (yet secondary) tax advantages should not be considered illicit".

Consultation unit of DG TAXUD played a remarkable role in the drafting and implementation of the recent Tax Transparency Package. In 2014, indeed, the Commission underlined the necessity of a legal framework able to ensure that corporates pay taxes in the country where revenues are generated. In 2015, the European Commission has announced the launching of the "Tax Transparency Package", a package of measures «to tackle corporate tax avoidance and harmful tax competition in the EU"[106]. The aim of this Package is to create an automatic exchange of information between Member States on their tax rulings.

2.3 The behavioural insights actions units: the state-of-the-art in European countries

As the European Commission report, titled *Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level,* suggests "despite the recent academic rise in the application of BIs to policy-making, explicit policy applications are still rare"[107].

Nevertheless, behavioural insights have remarkable implications for public policy into three domains. First, they offer new policy approaches that can be applied to influence behaviour. Nudge "offers new tools – such as changing default options or framing incentives as losses instead of gains - that

[106] Source : European Commission Internet site.

[107] European Commission (2016), *Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level*, p. 17.

expand the set of outcomes that can be achieved through policy"[108]. Second, behavioural insights can permit better predictions about the effects of existing policies. Third, they create new welfare implications[109].

As noted above, following the request of the U.K. Cabinet Office[110], a group of behavioural and social scientists developed a nudge-related model that could be applied in every operative initiative by policy makers. The framework developed was Mindspace, which served as the initial operating framework for work of the Behavioural Insights Team, the world's first government institution dedicated to the application of behavioural science to better policy making.

Established in 2010, the Behavioural Insights Team was tasked by the prime minister with delivering "innovative ways of encouraging, enabling and supporting people to make better choices for themselves"[111]. The U.K. government has been also at the forefront of taking a behavioural approach, with the U.K. Department of Health stating that it will explore "nudging people in the right direction rather than banning or significantly restricting their choices" and that "there is significant scope to use approaches that harness the latest techniques of behavioural science to enable people to make healthier choices"[112].

In the recent years, specific Behavioural Units were created in the many Ministries and administrative Departments of several European countries. The aim of these units is to contribute towards the definition and implementation of the nudge strategy. The analysis of European countries policies reveals, indeed, an increasing application of BIs to policy in some specific areas, namely health, environment, consumer protection, and taxation. Moreover, in the new millennium, the European authorities promoted a number of policy initiatives common across countries.

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[108] Chetty R. (2015), *Behavioural Economics and Public Policy: A Pragmatic Perspective,* in *American Economic Review: Papers & Proceedings*, 105(5), p. 2.

[109] Ibidem.

[110] The department of the U.K. government responsible for supporting the prime minister and the cabinet.

[111] Subsequently spun out from government, the Behavioural Insights Team is now a social purpose company with more than 70 staff members and international offices in Australia and New York.

[112] Zuidhof P.W. (2016) *Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking*, p. 19.

As mentioned previously, nudge units have the task to identify the behaviour change technique that can be applied to a specific legal intervention. To design the effective behaviour change interventions, the units start with understanding the behaviours in question as well as the drivers and barriers to the desired and/or non-adaptive behaviours. Only after knowing that a particular behaviour is determined by peculiar type of goal, impulse, or habit, units can determine what behaviour change techniques are most effective in the specific circumstances[113].

A comprehensive taxonomy of behaviour change techniques used in interventions is based on the Mindspace Framework for Behaviour Change (shown in the following page). This is adopted by the majority of European Behavioural Units. Such techniques might "provide information about behaviour-health link, provide information on consequences, plan social support, prevent relapse, prompt intention formation, prompt specific goal setting or prompt review of behavioural goals"[114].

Economists and psychologists have also convincingly demonstrated that people respond to "incentives," which usually activate reflective thinking and motivation by changing the evaluation of the available courses of action (e.g., people rationally respond to changes in prices and costs). In contrast nudge theory, and the Mindspace framework in particular, provide a list of behaviours change techniques that target the automatic decision processes. Mindspace is a mnemonic, representing an elaborated and extended version of the nudge approach, which outlines the nine most powerful contextual influences on automatic behaviour.

[113] Ibidem, p. 20.
[114]Chetty R. (2015), *Behavioural Economics and Public Policy*., p. 4.

Table 4: Mindspace Framework for Behaviour Change

Mindspace Technique	*Behaviour*	*Brain System*	*Psychological Process*
Messenger	We are heavily influenced by who communicates information to us.	Impulsive	Attraction, trusting
Incentives	Our responses to incentives are shaped by predictable mental shortcuts such as strongly avoiding losses.	Impulsive	Greed, fear
Norms	We are strongly influenced by what others do.	Impulsive Habit	Belonging Motor
Defaults	We "go with the flow" of present options.	Impulsive	Fear, comfort
Salience	Our attention is drawn to what is novel and seems relevant to us.	Habit	Mental
Priming	Our acts are often influenced by subconscious cues.	Habit	Motor
Affect	Our emotional associations can powerfully shape our actions.	Impulsive	Disgust, fear, attraction
Commitments	We seek to be consistent with our public promises and reciprocate acts.	Impulsive Habit	Status Motor
Ego	We act in ways that make us feel better about ourselves.	Impulsive	Status, self-worth

Source: Zuidhof P.W (2016), Behavioralizing Europe: How Behavioural Economics Enters EU Policymaking, p. 14.

The analysis of European Behavioural Units practice shows that their task is to identify the behaviour change technique that can influence a specific component of behavioural framework. The literature points out that the first usual application of BIs involves the use of simplification, in order to make easier administrative procedures or consumer choice.

A second application of BIs refers to the use of information campaigns. The weight we give to information depends greatly on the reactions we have to the source of that information. For example, we are influenced by both the perceived authority of the messenger and the feelings we have for the source of the message[115].

In this scenario, effective communication is an integral part of social, health and environmental promotion strategies, and messages are more likely to create an impact if they use a credible source for the population being targeted. Behavioural Units and policy makers are conscious that people's impulsive tendency to trust or distrust advice depending on the source of the information. In this perspective, BIs were applied to improve communication to promote the citizen engagement, by using the affect (i.e. pleasant or unpleasant feelings) and framing (e.g. road safety and curbing smoking)[116].

A third application of BIs refers to the use of incentives. The people' responses to incentives are often shaped by impulsive, but predictable mental shortcuts. Behavioural Units can use insights from behavioural economics to "supercharge" incentive schemes. For instance, it is known that we strongly prefer avoiding losses more than we like gaining of the same amount, a tendency called loss aversion. On the basis of units' analysis, insights from behavioural economics are increasingly being incorporated into interventions targeting law-related, health-related or environment-related behaviours[117].

An example of incentive application is the pilot project promoted by the Public Health Agency of Germany to increase physical activity levels and reducing obesity in German population. In addition, the OECD behavioural insights report highlights that "the program design was then modified over a 10-month period to test whether incentives and behavioural insights principles could be applied to increase physical activity. In certain locations, the incentive offers remained the same; while in other, the lower tiered offer was removed, and incentives were only provided if participants visited the health centres three or more times a week. The program changes were implemented to test whether

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[115] Viale R. (2016) "*Behavioural insights", nudging e politiche pubbliche europee,* p. 9.
[116] Zuidhof P.W. (2016), *Behavioralizing Europe*, p. 18.
[117] Viale R. (2016) "*Behavioural insights", nudging e politiche pubbliche europee*, p. 10.

participants would be motivated to visit more often in order to avoid losing the incentive bonus[118].

Moreover, we are also strongly influenced by what others do. Because of innate impulses to belong and to seek affiliation with groups and similar others, the influence of what others around us are doing can be a powerful driver of our own behaviour. Two main forms of social influence can be distinguished: informational (telling people what is commonly done) and normative (informing them what is widely approved). Using norms (i.e. the fourth application of BIs) as cues for behaviour change is often reported in the units practice and is usually based on telling people what others are doing in a similar situation.

A case of interaction between resilience and social norms is the project promoted by the British Behavioural Insights Team to increase the number of people on the Organ Donor Register. The BIT departments operated to conduct a large Randomised Controlled Trials. The trial tested "the effect of including different messages, based on behavioural insights, on a high traffic webpage on GOV. The UK that encourages people to join the NHS Organ Donor Register"[119].

It targeted over one million people, by eight different webpage variants, each including a different form of messaging and pictures, to determine which would be the most effective in encouraging organ donation among the visitors. The nudges tested were as follows:

[118] OECD (2017), *Behavioural Insights and Public Policy. Lessons from Around the World*, p. 230.

[119] Ibidem, p. 262.

1. A basic request, with no additional information: “Please join the NHS Organ Donor Register.” This was also included in every other variant webpage, and was the control against which the other prompts were compared;
2. Social norms: “Every day thousands of people who see this page decide to register”;
3. Social norms plus visual cue: a generic group photo; testing the effect of salience;
4. Social norms plus visual cue: an organ donation website logo; testing the effect of salience;
5. Loss framing: “Three people die every day because there are not enough organ donors”;
6. Gain framing: “You could save or transform up to nine lives as an organ donor”;
7. Reciprocity: “If you needed an organ transplant, would you have one? If so, please help others”;
8. Call to action: “If you support organ donation please turn your support into action”.

A fifth application of BIs refers to the use of defaults, particularly in the field of health. Defaults are the options that are preselected if an individual does not make an active choice. The key feature of default options is that they can have a powerful impact on behaviour without necessarily restricting choice. This is because losing the default might loom larger than gaining the alternative option or because of the impulsive overvaluation of immediate and undervaluation of delayed rewards/costs.

The most powerful example of the use of defaults in public policy is the impact of automatic pension enrolment, where an opt-out default has been seen to significantly improve participation[120]. In health care, powerful effects of defaults on behaviour have also been observed in organ donation decisions and employees’ contributions to health care flexible spending accounts. The European 2016 report notes that “there were also several instances of changes in the choice architecture (e.g. higher collection frequency for recyclables), and instances which included the use of a more user-centred approach (e.g. re-designing hospital prescription charts using focus groups and on-site observations)”[121].

Additionally, a project promoted by Danish Co-operation and Nordic Council in 2016 aimed at discovering demand-side measures that promote the sustainable

[120] Zuidhof P.W. (2016), *Behavioralizing Europe*, p. 18.
[121] European Commission (2016), *Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level,* p. 19.

consumption of electronic goods. Results found that young people "tend to return back to the store they previously purchased their phone when buying a new phone. The researcher further found that young people have a level of awareness about the environmental costs of new phones and they are willing to pay or lease "green" mobile phones. The experiment shows that young people seem to have a preference for sustainable behaviour"[122].

The units approach often uses salience (the sixth application of BIs), a behavioural lever that applies marketing techniques. As humans have limited perceptual and cognitive resources, choices tend to be affected by anything that falls within the focus of our limited attention span. It is also known that people automatically use mental habits such as heuristics, making decisions only on the basis of a single most salient or important criterion at a time and ignoring other relevant information. This was applied in a field intervention testing whether information on HIV risk could change sexual behaviour among teenagers[123].

Another example is an initiative promoted by the Financial Conduct Authority in 2013, to encourage more customers to claim financial redress. As suggested by the OECD report, "salient bullets had the largest single effect out of all the interventions, increasing response rates to the letter by 3.8 percentage points over the control, just over 2.5 times compared to the original letter.

Simplification and inclusion of a sentence about the claims process increased response by 1.4 percentage points, almost doubling the response rate"[124]. The same report points out that "handwritten communications can increase salience and encourage more recipients to open letters and take action".

A seventh application of BIs refers to the use of commitment. People deliberately make commitments, as they are all too aware of their impulsive weaknesses and tendency to procrastinate. The Behavioural Units were engaged in areas including physical activity and smoking cessation.

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[122] OECD (2017), *Behavioural Insights and Public Policy. Lessons from Around the World*, p. 126.

[123] Ciriolo E. (2014), *Behavioural Insights at EU level to policy.*, p. 12.

[124] OECD (2017), *Behavioural Insights and Public Policy. Lessons from Around the World*, p. 206.

As mentioned in this work, traditional ways of changing behaviour, such as legislation, regulation, and incentives, can be very effective. Behavioural economics does not attempt to replace these methods. Rather, it extends and enhances them, adding new dimensions that reflect fundamental influences on behaviour. In other words, nudge approach provides, indeed, a powerful set of new and refined policy tools to use to influence behaviours in many fields.

Nevertheless, the potential impact of the choice architecture on behaviour change raise questions about who decides on this architecture and on what basis. Many people dislike the thought of government intrusion into areas of personal responsibility, although they also realize that the state should have a role in behaviour change, especially when one person's behaviour has consequences for other people[125].

The following table (Table 5) summarizes some behaviour insights policies promoted by the European authorities[126].

[125] Ciriolo E. (2014), *Behavioural Insights at EU level to policy*, p. 12.
[126] Zuidhof P.W. (2016), *Behavioralizing Europe*., p. 18.

Table 5: Initiatives promoted by European authorities

Country	*Sector*	*Institution*	*Start of intervention*	*Objective*	*Application*
10 EU countries (France, Germany, Greece, Ireland, Italy, the Netherlands, Poland, Portugal, Romania, and Sweden)	Environment	European Commission Consumers, Health, Agriculture and Food Executive Agency (CHAFEA)	2013	To discover how the provision of online information on energy performance of household appliances can be improved to promote energy efficient product choices	To inform policies regarding the display of energy efficiency information in online retail locations
Country 10 EU countries (Belgium, Germany, France, Italy, Netherlands, Poland, Romania, Spain, Sweden, United Kingdom)	Environment / car choice	European Commission Directorate- General for Climate Action (DG Clima)	2013	To test the effectiveness of variants of car eco-labels and of mandatory information on fuel efficiency in promotional material	To inform EC and Member State regulation regarding labels and promotional materials in car advertisements
Italy	Environment / Sustainability	European Commission Consumers, Health, Agriculture and Food Executive Agency (CHAFEA)	2015	To test consumer choices in relation to food sustainability, specifically in regards to sustainable food purchases	To inform future policy regarding consumer choices in relation to food sustainability
Italy	Environment/ sustainability	European Commission Consumers, Health, Agriculture and Food Executive Agency (CHAFEA)	2015	To test consumer choices in relation to food sustainability, specifically in regards to the misinterpretation of "use by" and "best before" dates on food labelling and its impact on food waste at a household level	To inform future policy regarding consumer choices in relation to food sustainability
Italy	Environment / Sustainability	European Commission Consumers, Health, Agriculture and Food Executive Agency (CHAFEA)	2015	To test consumer choices in relation to food sustainability, specifically in regards to uncovering the factors that can increase consumers acceptance of imperfect foods	To inform future policy regarding consumer choices in relation to food sustainability

Source: OECD (2017), *Behavioural Insights and Public Policy. Lessons from Around the World*.

Before policy makers plan the application of new insights, they need in the first place to identify the ways of attempting to change behaviour. In this respect, it is important that whenever possible the public's views are considered, and permission sought, when introducing interventions. The legitimacy of government and social policy practitioners, as Chetty notes "rests on the fact that they represent and serve the people, and therefore it may be useful for choice architects to engage better with citizens to explore what is and is not acceptable"[127].

The well-being consequences of nudges come in various guises. The literature distinguishes three broad accounts of well-being:

a) objective lists: well-being improves when people get more of the things that others decide are good for everybody;

b) preference satisfaction: well-being improves when individuals are able to satisfy more of their desires; and

c) mental states: well-being improves with better thoughts and feelings about life and one's experiences[128].

There is still uncertainty over how long the nudge effects last and how well they work in different segments of the population and behavioural domains. Recent works have identified two types of interventions: those that are most effective soon after they are administered and those that induce lasting changes[129]. For example, defaults, salience, and priming are more likely to affect behaviour when they are associated with short intervention-behaviour lags (the nudging stimulus is delivered just before the decision to act), while important beliefs can help interventions have a longer impact.

A study promoted by the British Department for Business, Innovation and Skills (BIS) in 2013 aimed at improving the attitudes towards mentoring and increasing demand for this approach among SME (Small and Medium

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[127] Chetty R. (2015), *Behavioural Economics and Public Policy*, p. 7.

[128] Chafea (2014), *Study on online gambling and adequate measures for the protection of consumers of gambling services,* p. 18.

[129] Rogers T., Frey E. (2016), *Changing Behaviour beyond the Here and Now*, in *The Wiley Blackwell Handbook of Judgment and Decision Making,* vol. 1, edited by Gideon Keren and George Wu, Malden, Wiley, pp. 725-48.

Enterprises). The trial found that "promotion priming, as opposed to prevention priming, led to more positive responses on perceptions of mentoring, regardless of the type of message it is used with". These results "may have been due to the link between promotion priming and opportunity recognition. Evidence suggests that when promotion primed, people tend to concentrate on gains and think more broadly"[130].

2.4 The fields of behavioural insights policies

The low success of the initiative aiming at changing behaviour by education and information, in recent years, other ways have been explored. These ways are based on the assumption that people' behaviour is determined not only by reflective mechanism but also by automatic and unconscious processes. It is possible, therefore, to bypass the cognitive system, altering an individual's behaviour in the desired way.

As mentioned above, in the European context nudging approach is increasingly being incorporated into interventions targeting consume, competition, health, tax, finance and environment-related behaviours[131]. A census realized by the European authorities identified nine operative fields.

The first one refers to the competition sector and focuses on the increase of price sensitivity in markets (Denmark), the internet communications in order to e-commerce transactions (Lithuania), the fight against illegal cigarette trade (Romania)[132].

A second field concerns with consumer protection. In this perspective, the research analysed the perception of financial information, as well as, its impact on investment decisions (Consob, Italy), the legal instruments in the field of consumer contracts (Austria), the effectiveness of different reminder letters in consumer's switching behaviour in savings accounts (UK), the promotion of a

[130] OECD (2017), *Behavioural Insights and Public Policy. Lessons from Around the World,* p. 294.
[131] Viale R. (2016) "*Behavioural Insights", nudging e politiche pubbliche europee,* p. 10.
[132] European Commission (2017), *Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level*, p. 20.

public officials' engagement in pro-active personal contact with citizens (The Netherlands), the protection of financial consumers and their information (Lithuania).[133]

A third field of nudge operability deals with employment. The main project focused on the effectiveness of an intervention in helping job seekers get back to work (UK), the analysis of an unemployment insurance programme (Hungary), the impact of a brochure that informed job seekers about job search strategies and the consequences of unemployment (Germany), and finally the effectiveness of the Jobs program (an intensive group training for the unemployed) (The Netherlands).

In addition, in the energy field, the research inquired the saving-energy behaviour (Italy) and the social acceptance and use of a social housing scheme (Habitat Marseille Provence) (France). Other projects analysed the quality of information on energy consumption (Estonia) and the acceptance of the green tariffs (Switzerland).

The environment is the fifth field of the nudge operability. In the last decades, the theme of eco-sustainability has known a growing attention. Many governments, municipalities and firms promoted eco-sustainable initiatives and started reporting about their environmental conduct under the increasing pressure of the stakeholders.

As noted the Brundtland Commission Report[134], sustainability refers to "the needs of the present without compromising the ability of future generations to meet their own needs". The relation between this formulation of sustainability and the impact of business practices can be found in the idea of the "triple bottom line"[135]. In this model, the impact of business practices is examined in terms of three categories: People, Profit and Planet.

In other words, business practices have social, economic and environmental impacts. The goal of sustainable practices is to achieve a balance of these three impacts. The goal is to maintain the long-term well-being of humankind (People), the success of commerce (Profit), and the flourishing of the Earth

[133] Ibidem, p. 21.
[134] Wced (1987), *Our future*, New York, Wced.
[135] Savitz A., Weber K. (2006), *The Triple Bottom Line,* San Francisco, Jossey-Bass.

(Planet). Usually, nevertheless, the “economic bottom line” receives by the municipalities and firms more attention than the “social bottom line” or the “environmental bottom line”. This makes that the economic performance often comes at the expense of negative social and environmental impacts.

The nudge projects in environmental field refers to the measurement of effect of defaults and framing in the context of a policy for mitigating CO2 emissions (Spain), the modification of farmers’ behaviour related to the use of pesticides (France), the performance of waste sorting infrastructures (Sweden) and the improvement of resource efficiency in the bar/restaurant trade.

The sixth large operative field of the nudge approach is related to the health policies. In this context, the national initiatives referred to the decrease of errors in hospitals charts (UK), the online nutritional information to citizens (Estonia), a scheme to nudge children to eat more fruit and vegetables (Croatia) and a legislation imposing plain packaging for tobacco products (Ireland)[136].

The last three nudge fields are the finance, taxation and transport. While the initiatives in the financial sector focused on the information of the citizens (Italy and Latvia), those concerning taxation analysed the campaigns on online tax return (France), the effectiveness of letters relative to tax declaration (Norway), the fight to tax evasion among young citizens (Denmark), a pilot project on “Tax/Customs Education” (Austria) and a system to support the declaration of personal income tax (Spain).

Finally, in the field of transport behavioural insights approach was used to test the relationships between roads, human behaviour and the environment into account in order to design effective infrastructures (Germany)[137], to improve railway accessibility to reduce traffic congestion (Hungary) and to promote more sustainable transport (Austria).

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[136] European Commission (2017), *Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level,* p. 20.

[137] Ibidem, p. 30.

Table 6: A taxonomy of the main behavioural policy interventions

Country	*Initiative*	*Objective*
Using behavioural insights to simplify consumer choice		
UK	Department for Business, Innovation & Skills in collaboration with the UK BIT	Midata' programme launched in 2011 by the Department for Business, Innovation & Skills. The programme gives consumers online access to their individual consumption. The aim is to enable consumers to make more informed choices by allowing them to make decisions based on their actual spending and usage.
Portugal	Association for Consumer Protection (DECO)	Online comparison tool aimed at helping consumers save in supermarket purchases. The tool ranks supermarkets according to the price of a number of products.
Changing behaviour through communication – Using behaviourally-informed letters to increase tax compliance		
UK	BIT in collaboration with the Tax and Customs Authority (HMRC)	Initiative to enhance tax compliance by those who had declared their income, but not yet paid.
Slovenia		Field experiment carried out in January 2014 in the municipal region of Kranj. Using a randomised controlled trial, 142 small accounting companies were assigned to either a control group or one of two treatment groups.
Using behavioural insights to reduce food waste		
Norway	GreenNudge and Cicero (private companies)	Promote the use of nudges, especially on eating and environment-related habits.
Italy	Auchan (supermarket chain)	Food items near expiration date are offered at discounted prices.
Hungary	Hungarian Food Bank Association	Initiative aimed at reducing household food waste. The initiative's website provides a series of tools, such as a recipe database where citizens receive recipe tips by entering the ingredients they have at home.
Portugal	Ministry of Agriculture and Sea	Trustmark awarded to entities that have implemented actions against food waste.
Policy initiatives common across countries – Plain packaging for tobacco products		
France, Ireland, UK.		Ireland: legislation imposing plain packaging for tobacco products will enter into force on 20 May 2016. UK and France: legislation imposing plain packaging should come into force by spring 2016 and from May 2016, respectively.
Austria, France, Hungary, Italy, Spain.		Since 2003, the Spanish Tax Administration Agency allows citizens to file their tax return electronically using a pre-populated form. The French Government is also using prepopulated fiscal and non-fiscal declarations, and working on the simplification of administrative procedures to encourage citizens to declare their revenues and pay the corresponding taxes online.

Source: European Commission, Behavioural Insights Applied to Policy Application to specific policy issues and collaboration at EU level, p. 20.

CHAPTER 3

AN INTERNATIONAL COMPARISONS

As mentioned above, in some countries the public policies evaluation is an effective element of decision making and, thus, it is institutionalized with peculiar laws in specific apparatuses. The Anglophone countries are the more prone toward this perspective together with some north-central European nations.[138] In this scenario, the experimental use of behavioral science and nudge theory to governance is strongly increasing.

The human behavior model described by these branches of social science refuses the traditional vision of individuals as homo oeconomicus and suggests that a correct interpretation of human actions must acknowledge irrationality in process and decision making in every aspect of human interactions.

The nudge theory was then getting out of the scientific community to join government and organizations agendas and, after the UK, many other countries, like Australia, Singapore and some EU states adopted the nudge approach.

This chapter will get to some of them in detail through the following pages. It begins with the pioneer example of the UK; it continues with an important one outside the European scenario which is the Australian. Then, it describes different interesting cases inside EU talking specifically about Germany, Netherlands, Denmark and Italy. After them, it also analyses one of the major international organizations: The World Bank. Finally, it concludes with some critics and observations.

[138] La Spina A., Espa E., (2011). *Analisi e valutazione delle politiche pubbliche*, il Mulino, Bologna, p.287.

3.1 The case of the United Kingdom

The first government to use specialists of the behavioural field is the United Kingdom. The latter created a unit with the purpose to design interventions and studies that could lead individuals' choices to their own advantage, not only as consumers or investors, but also in areas as health and charity, without limiting their free choices or extra costs.

Since 2008, members of the Conservative Party had been in contact with Richard Thaler[139]and showed interest in the ideas and concepts of the nudge approach after the pioneer book written with Sunstein.

In May 2010, the new coalition government led by David Cameron was established in the United Kingdom. The Conservative Party was going through a rebranding phase that was part of Cameron's strategy to make it more progressive and pro-environment. They believed that behavioural sciences could help them make the government smarter, more effective and efficient.

Soon after the coalition was set in Parliament, Thaler[140] was contacted again and proposed to help in creating an organism for the application of behavioural sciences. Another protagonist of the UK case is David Halpern that was selected to run the operation and assembled a team named Behavioural Insights Team (BIT), often referred to as 'nudge unit', an organism part of the Cabinet Office, composed of government officials and university professors. "The official mission of the Behavioural Insights Team (BIT) was left broad: to achieve significant impact in at least two major areas of policy; to spread understanding of behavioural approaches across government; and to achieve at least a tenfold return on the cost of the unit."[141]

The team was to be under trial for two years. In fact, after that period, there was a review of its work and the unit was confirmed for other two years. BIT expanded until 2014; it was partly privatized into a social purpose company. Furthermore, ownership splits equally among the government, the employees

[139] Thaler, R.H. (2015). *Misbehaving. The making of Behavioural Economics.* New York: W.W. Norton & Company.

[140] Ibidem.

[141] Ibidem, p.300.

and the charity organization Nesta[142]; the first-time civil servants responsible for policy decisions were privatized, as underlined by the Financial Times.[143] The team kept expanding, both in purpose and members: at its beginning in 2010 it had a dozen employees, today they are almost two hundred.

BIT's focus, of course, stayed on their collaboration with the UK government and the fields of interventions have been the most varied.

The first and most enduring BIT's programs addressed fraud, error and debt. In line with this, her Majesty's Revenue and Taxes (HMRC), the British tax collection authority, "partnered with the Behavioural Insights Team to introduce a 'test, learn, adapt' approach to discover how effectively social norms encourage individuals to pay their tax debts more quickly".[144]

The task was an important and challenging one for the Behavioural Insights Team: if they could help the government collect their revenues quicker and more efficiently, the unit would have had better chances to be confirmed in the Cabinet after the two years trial. The experiment was to be tested with the methodology of randomized control trials (RCTs), where different groups of people were assigned different treatments, alongside with a control group receiving no treatment at all.[145]

The relevance of the RCTs was remarked in many occasions by Thaler himself [146] and was implemented in many BIT's interventions. By the simple and relatively cheap use of letters alone, HMRC could already achieve "a high debt clearance rate of more than 70% of new self-assessment cases"[147]and looked-for ways of improving this rate by making letters more effective. Moreover, the first trial led to three rounds of experimentation using social

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[142] The Behavioural Insights Team (2015). *Update Report 2013-2015.*

[143] Plimmer, G. (2014) UK Cabinet Office 'nudge' team to be spun off into private group. *Financial Times.*

[144] The Behavioural Insights Team (2012) *Applying behavioural insights to reduce fraud, error and debt* p.22.

[145] Ibidem

[146] Thaler, R.H. (2015). *Misbehaving. The making of Behavioural Economics.* New York: W.W. Norton & Company.

[147] The Behavioural Insights Team (2012) *Applying behavioural insights to reduce fraud, error and debt* p.22.

norms as a nudging factor, where BIT redesigned the letters to make them easier to understand and, above all, added sentences stressing the fact that most people around the area had already paid their taxes.

In other words, the idea behind this is that individuals are more likely to comply to norms if they know that most people around them do, especially if they feel related to them. Most of these letters contained the statement that 9 out of 10 people in Britain pay their tax on time (judged to be more effective than stating that only 1 out of 10 do not pay in time). Variations of this basic theme included 'the great majority of people in your local area pay their taxes on time' and "You are currently in the very small minority of people who have not paid their taxes on time".[148]

The experiment gave impressive results: a 15-percentage point increase in payments from the new letters against the control ones. It must be said, as BIT remembers, that eventually most citizens pay their taxes, but that this intervention may help speed the process.[149]

Further experiments saw an increasing level of sophistication and scale, showing that the most effective nudge combined two sentiments: most people pay, and you are among the few that didn't yet.[150]

A similar experiment took place in November 2011 and addressed doctors late with their tax payments, by sending a simplified letter that highlighted keywords and risks involved in not paying, along with letters including a social norm nudge (like the fact that doctors are esteemed and considered trustworthy by the community), and the usual control ones.[151]The results showed a notable improvement in payments for the simplified letters against control ones, with no difference instead between the simplified letters and those including a social norm.

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[148] Thaler, R.H. (2015). *Misbehaving. The making of Behavioral Economics.* New York: W.W. Norton & Company.

[149] The Behavioural Insights Team (2015). *Update Report 2013-2015.*

[150] Thaler, R.H. (2015). *Misbehaving. The making of Behavioral Economics.* New York: W.W. Norton & Company.

[151] The Behavioural Insights Team (2012) *Applying behavioural insights to reduce fraud, error and debt.*

Another policy area BIT dealt with since its beginning was health. In the UK, Behavioural and lifestyle factors are a major contribution to deaths[152]. From smoking to alcohol to diabetes and food hygiene, from teenage pregnancy to organ donation and physical activity, BIT has partnered with the Health Department to launch a great number of campaigns and interventions. Commitment and incentive devices (like lotteries for quitters) proved to be useful in fighting smoking habits, but the team focused also on promotion of e-cigarettes - pointing out that is much simpler to substitute a behaviour rather than eliminating it at all - that are, as for today, the most successful product at helping people quit smoking.[153]

For example, to help women quit smoking during pregnancy, BIT designed stickers to be placed on pregnancy tests that gave information on where to seek help to stop smoking. This was tested in ten stores located in areas with high rates of women smoking during pregnancy, but the results were discouraging. While, with regards to organ donation, the UK government faced the fact that although most people support organ donation, and many of them express the desire to be donors, very few ends up registering. BIT 'conducted one of the largest Randomised Controlled Trials (RCTs) ever run in the UK, in partnership with NHS Blood and Transplant (NHSBT), the Government Digital Service (GDS, who run GOV.UK), the Department for Health (DH), and the Driving & Vehicle Licensing Agency (DVLA)'.[154] When it came to organ donation, behavioural scientists focused on opt-out versus opt-in schemes: the difference in results between making an active choice to join the donor register or to leave it - the latter resulting in higher registration rates[155], but the UK has an opt-in system.

The strategy of BIT focused on exploiting the high level of traffic of DVLA/GDS sites - where people apply for a driving license or renew their vehicle tax - by adding a sentence on these sites containing a link to the NHS

[152] The Behavioural Insights Team (2011a). *Update Report 2010-2011.*

[153] The Behavioural Insights Team (2015). *Update Report 2013-2015*.

[154] The Behavioural Insights Team (2013) *Applying behavioural insights to organ donation.*

[155] The Behavioural Insights Team (2015). *Update Report 2013-2015.*

Organ Donor Register site. The impressive outcome was an increase of ninety-six thousand registration per year.[156]

In 2016, an interesting BIT report answered to official statistics that claimed there was a large decline in calories consumption in the UK and that the cause of increased obesity was an absence of physical activity[157]. This report showed instead that national surveys used to measure calories intake were greatly underestimating calories consumption, apparently increasing since 1990, along with demonstrating that people in the UK burn much more calories than previously thought. In addition, BIT looked at resolving issues within the health systems themselves.

By redesigning hospital prescription charts the team was able to reduce prescription errors and illegibility[158]; to reduce pressure on hospitals with limited capacities, referral websites were redesigned to highlight services that saw long waiting times, so primary care referrers could offer alternatives to patients. One year after, this led to a 38 percent reduction of referrals to overbooked hospitals.[159] Moreover, it faces a decrease in unnecessary prescriptions of antibiotics thanks to the use of letters with social norms informing doctors that their antibiotics prescriptions were well above average.[160]

Furthermore, since 2015, BIT set up its first Behavioural Research Centre, in partnership with the Department for Business, Innovation and Skill, to improve evidence-based trials around the acquisition of basic skills in adulthood.[161] Adults with low levels of literacy and numeracy are less productive at work and usually earn much less than more educated workers. Therefore, BIT partnered

[156] Ibidem

[157] Hallsworth M., Harper H. (2016) *Counting Calories: How under-reporting can explain the apparent fall in calorie intake.*

[158] King, D, Jabbar, A, Charani, E, Bicknell, C, Wu, Z, Miller, G, Gilchrist, M, Vlaev, I, Franklin, BD & Darzi, A 2014, *Redesigning the "choice architecture" of hospital prescription charts: A mixed methods study incorporating in situ simulation testing.* BMJ Open.

[159] The Behavioural Insights Team (2017). *Update Report 2016-2017.*

[160] Hallsworth, M, Chadborn, T, Sallis, A, Sanders, M, Berry, D, Greaves, F, Clements, L & Davies, (2016), *Provision of social norm feedback to high prescribers of antibiotics in general practice: A pragmatic national randomised controlled trial*. The Lancet.

[161] The Behavioural Insights Team (2015). *Update Report 2013-2015. p.21*

also with the Department of Education in various programs, like investigations into the ways social workers make decisions. For instance, there were interventions done to improve English and Maths pass rates among 16 to 19 years old students by mobilizing social support and using messages as remainders of exams schedules. Another one was conducted to increase applications to competitive universities: again, with the use of letters that emphasized how much these universities can give to students leads to an application raise of 17 per cent against the control ones.[162]

In addition to the above works, BIT put a great interest in how behavioural science can support policy makers in home affairs. "Home Affairs" is the label given to matters of crime, immigration and national security.[163] A large-scale research was done to measure the impact of worn video cameras on policemen. This obtained an average of 3.3 fewer days of absence against who did not wear a camera, as well as an increase of safety feeling among officers. [164]

In direct collaboration with the UK police, BIT elaborated a strategy to increase diversity within the police workforce, in the belief that the problem here was a 'stereotype threat', a psychological mechanism that impedes candidates from a minority background performing to the best of their abilities.

BIT used a combination of positive prompts embedded in emails candidates received after applying for the test, obtaining an increase of 20 per cent points of promoted candidates.[165] "In 2014 BIT contributed to the Prime Minister's review of illicit working, focusing on practical measures to encourage exploited workers to come forward and report their plight to the police or relevant authorities"[166]. Many exploited workers are illicit immigrants, who do not denounce to the police for obvious reasons. BIT tested the impact of an intervention designed to encourage active decision-making about the working status of employees, but results were not astonishing.

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[162] The Behavioural Insights Team (2017). *Update Report 2016-2017*.
[163] Ibidem, p. 28
[164] Linos E., Reinhard J., Ruda S. & Sanders M., (2017) *Measuring the impact of body worn video cameras on police behaviour and criminal justice outcomes*.
[165] Ruda S., (2015) *Promoting diversity in the Police*
[166] The Behavioural Insights Team (2015). *Update Report 2013-2015.* p.29.

One of the earliest papers produced by the Behavioural Insights Team focused on empowering consumers (Department for Business, Innovation & Skills & Behavioural Insights Team & Cabinet Office, 2011) and matters related to energy, sustainability, finance and the consumers market in general have been deeply studied by the unit. They have been supporting the new pension system introduced in UK in April 2015, that gave people the possibility to invest their pensions instead of purchasing an annuity and worked with the Treasury since Autumn 2014 in the run-up to the launch of the program, focusing on supporting consumers to find out about guidance and to get the information they need to make an informed decision.[167]

Another early program addressed house insulations. Despite its obvious economic advantages, many houses still lacked insulation and, when interviewed, many owners replied that it was too much trouble because their attics were full of clutter. So, BIT proposed that private firms installing insulations introduced clean-up services as a plus to their traditional packages. While not increasing insulation rates by much, most new insulations asked for the clean-up service too, pointing that it was an interesting direction.[168]

BIT conducted surveys to test the real ability of smart heating controls technologies to diminish waste of energy in households and introduced prompts in winter fuels notifications that suggested switching energy supplier giving information on cheaper ones. These prompts were written on the envelope of the letters. [169] The team has supported Ofgem to test and implement ways of increasing consumer engagement in energy markets and expanded their work on improving financial decision making through the launch of the Financial Capability Lab with the Money Advice Service. They created a new venture, Predictive, an online platform designed to conduct online lab experiments, in partnership with government and financial institutions.

[167] Ibidem. p. 18

[168] Thaler, R.H. (2015). *Misbehaving. The making of Behavioural Economics.* New York: W.W. Norton & Company.

[169] The Behavioural Insights Team (2016). *Update Report 2015-2016.*

Additionally, growth, employment and productivity are longstanding interests of the nudge unit, with programs supporting people suffering health conditions towards work; trials to reduce discrimination against women around pregnancy and maternity; reports of major studies on the science of recruitment and selection along with suggestions to improve candidate's experience and performances[170]. Researches for a better understanding of those factors in economic behaviour of individuals that J. M. Keynes referred to as 'animal spirits'; efforts in making business-to-business markets work better and encouraging long-term investments.[171]

The team invested a great deal of efforts in the policy areas of giving and social action: it helped charities to raise money, supported social purpose organizations to enhance their impact and studied the impact of social purpose activities on people, aware that charitable giving is good for receivers as for donors, and published an elaborated paper on the application of behavioural insights to charitable giving. [172]

It proved that charitable giving could be boosted with small changes, like involving investment bankers to donate a day's salary to charity by sending a personalized email from the CEO, visits from celebrities or small packets of sweets: this last trick and the email were the most effective nudges. In this case, BIT collaborated with Code Club (a voluntary initiative which aims to provide opportunities for children aged 9 to 13 to developing coding skills through free after-school clubs) to raise the number of volunteers applying to the project. Another similar program involved the National Citizen Service (NCS), a voluntary program for 15-17-year old, founded by the Cabinet Office (therefore, in close contact with the nudge unit), with a high rate of participants, designed to encourage young people to have adventures, learn new skills and participate in social action activities.[173] NCS asked BIT to help increase subscriptions, reduce dropping rates and improve the project itself.

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[170] Linos E., Reinhard J. (2015) *A head for hiring: the behavioural science of recruitment and selection,* CIPD.

[171] The Behavioural Insights Team (2016). *Update Report 2015-2016.*

[172] Sanders M., (2013) *Applying behavioural insights to charitable giving*.

[173] The Behavioural Insights Team (2015). *Update Report 2013-2015.*

Nowadays, there are 15 British Government Departments or Agencies that either have their own behavioural insights unit or individuals appointed to coordinate behavioural insights activities; or have directly commissioned projects.[174] Not only international governments, but also international organizations (OECD, World Bank, UNDP etc.) are embedding behavioural practices and to all of them the UK nudge unit is a landmark and, often, a collaborator. The complexity of scope and the range of areas tackled by the team has widened as we have seen, their studies and publications have multiplied, they have come to the attention of the media, their partnership with the British government is longstanding and tight, the amount of data collected is huge and the tools used to intervene have varied from simple letters and emails to more sophisticated technologies.

It appears that the experiment assembled in 2010 by Cameron's government has been a success and has paid back the efforts and investments. The unit has been faithful to its few guidelines: using simple, economic tools to achieve small-term and mid-term solutions to common issues that have roots in individual behaviours.

To conclude, BIT has dealt with most policy areas. Today, in the UK, almost every major government department has a behavioural insights function of its own.[175] In this period, hundreds of trials and experimentations took place and a huge amount of papers were produced. British's government became a real headquarter for the spread of behavioural studies across the world, many countries have followed the example, like Australia, trials have been conducted in Latin and North America, interest in behavioural sciences has spread through the EU. In fact, in their last report, BIT (2017) claims to have conducted 163 trials in 25 countries in the last year alone.[176]

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[174] The Behavioural Insights Team (2016). *Update Report 2015-2016.*
[175] The Behavioural Insights Team (2017). *Update Report 2016-2017.* p.8.
[176] Ibidem

3.2 The case of Australia

As mentioned above, the experimental use of behavioural insights to policy-making has spread from the UK to other countries. In the Anglophone scenario, an interesting case outside European borders is the Australian one.

In November 2012, BIT established a partnership with the Government of New South Wales (NSW) to help the Department for Premier and Cabinet to create their own Behavioural Insights Unit (BIU). Dr. Rory Gallagher, Managing Advisor & Director of International Programmes for BIT, worked to establish a tight link between the English and the Australian experiences of Behavioural Insights.

It was the first nudge unit in Australia with only two members (but expanded fast) and it was granted, like the original BIT, two years of trial after which it would have been tested. Moreover, it had three stated missions: "To run major trials, provide policy advice and support NSW government agencies that are running their own behavioural trials and interventions; to build the capability of the NSW public sector to apply BI through training, resources, and hosting events with leading thinkers and practitioners; to contribute to the global body of BI evidence by collaborating with academia and publishing NSW trial results".[177]

In 2015, the Australian Government's central nudge unit was created: The Behavioural Economics Team of the Australian Government (BETA). The impact of the NSW team's work was recognized internationally with the Global Practitioners Award at Behavioural Exchange 2015.[178]

During its first year BIU capitalized on BIT's history and modelled its interventions on the successes of the UK unit, like the work they had done on tax payments with HMRC or within job centres (see the previous paragraph). They embraced the strategy focused on looking for quick, easy wins: they tested ways to increase payment rates for taxes, fines and debts in NSW, by making

[177] The Behavioural Insights Team (2014) *Understanding People, Better Outcomes Behavioural Insights in NSW*, NSW Premier & Cabinet.
[178] The Behavioural Insights Team (2016). *Update Report 2015-2016.*

notices easier to understand and encouraging prompt payment. [179] They worked with the Office of State Revenue (ORS), the tax collection authority in NSW, and redesigned payment notices guided by the framework of behavioural techniques. They introduced calls to action like 'pay now' stamps and simplified language, social norms identical to those used by BIT, used colours and tone to convey key messages on consequences.

"The improved notices were estimated to result in an additional $10 million in fines being paid by their due date each year, with over 60,000 late fees avoided, saving the people of New South Wales $4 million each year, $80,000 in printing costs alone, as well as 8,800 fewer vehicle registration cancellations and driving license suspensions. These revised penalty and enforcement notices have been rolled out (to 90 per cent of recipients, whilst retaining 10 per cent as a control group who receive the 'old' notices), with effect sizes being sustained."[180] Thus, the model of RCTs applied to policy-making informs BIU like BIT.

Then, BIU partnered with the Ministry of Health, Western Sydney Local Health District & Westmead Hospital to support and encourage patients use of private health insurance (PHI). In Westmead Hospital the Emergency Department has a rate of 16% of its patients using their PHI, compared to a state average of 20%. [181]

After weeks investigating why this happens, they found out that 'many patients were concerned about being hit with out of pocket costs, whilst the benefits of using PHI - for patients or the hospital - weren't easily visible or understood. In addition, the process for electing to use PHI was more complicated and onerous than electing to be a public patient'.[182] The team worked with the hospital stuff to help them communicate to patients that there

[179] The Behavioural Insights Team (2014) *Understanding People, Better Outcomes Behavioural Insights in NSW*, NSW Premier & Cabinet.
[180] The Behavioural Insights Team (2015). *Update Report 2013-2015. p.48*
[181] The Behavioural Insights Team (2014) *Understanding People, Better Outcomes Behavioural Insights in NSW*, NSW Premier & Cabinet.
[182] Ibidem, p. 6.

was no risk of extra payments, they introduced extra benefits like toiletries bags and created materials to show how PHI are helpful for both patients and hospital. It appears that percentage of PHI users went from 16% to 18%, saving some 1.6 million dollars to Westmead Hospital. The trial was expanded and replicated in other centres, like Auburn's Hospital, where PHI usage tripled after less than three months.[183]

Another intervention that BIU replicated from the English nudge unit concerned missed appointments at hospitals. BIU worked with Saint Vincent's Hospital to test the effectiveness of text message reminders to increase attendance rates. Different messages were used, as well as the usual controls and results were similar to UK's.[184] "The message that pointed out the avoidable loss to the hospital was the most effective ('lf you attend, the hospital will not lose the $125 we lose when a patient does not turn up'), as opposed to the simpler loss message ('If you do not attend, the hospital loses $125'). It resulted in 20 per cent fewer missed appointments compared with the control message. The reduction was estimated to save the hospital $67,000 each year". [185]

Building on a BIT's work on implementation intentions in job centres, BIU partnered with the Treasury Managed Fund, Allianz and the Department of Education and Communities to design an intervention aimed at helping injured employees get back to work. They helped staff to implement skills based on building rapport and create a more collaborative relationship between the worker, insurer and employer, which encouraged workers to take a more active role, with the usual devices of a simplified information, shifting focus on recovery instead of injury management and (like in the UK case) exhorted workers to make personal commitments, like thirty minutes of walk every day. On a pool of 1600 claims processed, injured employees seemed to get back to

[183] The Behavioural Insights Team (2014) *Understanding People, Better Outcomes Behavioural Insights in NSW*, NSW Premier & Cabinet.
[184] The Behavioural Insights Team (2016). *Update Report 2015-2016.*
[185] Ibidem, p.75.

work 27% faster than control groups in the first 90 days, along with improved engagement and satisfaction for both staff and workers.[186]

In addition, BIU undertook some original experiments, like the one devised to increase the number of pap tests for women. The team partnered with the Cancer Institute NSW's Cervical Screening Program to redesign the 27-month cervical screening reminder letters using behavioural insights. BIU came out with four different versions of the letters and a total of 75,000 letters were sent for this trial. All letters were more effective at encouraging women to have a Pap test in comparison to the control letter (29.7% response rate). The most effective letter contained a commitment device, or an appointment reminder prompt, at the bottom of the letter, with a 9% increase of women attending pap tests.

The role of the UK in the development of Australian BIU was crucial. In June 2014, David Halpern, BIT's CEO, travelled to Sidney to speak at the world's first public conference on behavioural insights, the Behavioural Exchange, that brought together around four hundred scientists and civil servants from across the world. It was the fruit of a collaboration with VicHealth, a statutory authority in the state of Victoria, that produced a long and elaborated report where numerous trials and studies were described. For example, a trial conducted in Alfred Hospital, aimed at decreasing consumption of unhealthy drinks (by making them more difficult to reach) led to a 12% drop of their sales, with a slight increase in healthy beverages (mostly bottled water) sold. [187]

Another interesting trial was conducted with Timboon and district used small group incentives to increase people's physical activity by reaching their targets 5 days out of 7 that led to more than 2000 extra steps per week (for example, they were given massage vouchers for a valour of 50 dollars, granted only if the group reached its goals). They also tested more personalized targets with even better results. A similar intervention used online platforms where users could apply to a health challenge and the most successful variation of it reached increased subscriptions varying from 7 to 11 per cent.

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[186] The Behavioural Insights Team (2014) *Understanding People, Better Outcomes Behavioural Insights in NSW*, NSW Premier & Cabinet.

[187] VicHealth (2016a), *Behavioural insights and healthier lives*, Victorian Health Promotion Foundation, Melbourne.

To ensure that people agreed with these interventions VicHealth ran a deliberative jury on obesity that lasted for six weeks. Jurors were given papers on obesity and were brought together in Melbourne to discuss them. [188]

After a week of debate a number of tools were arranged, like providing ongoing funding for community level programs that encourage healthy eating and discounts for people with low income on healthy food, or restrict accessibility to high sugar drinks and banning junk food and beverage marketing to children under 16 years old. As BIT's report said "It is too early to conclude whether these recommendations will be fully implemented, but the process showed policymakers, retailers and producers that they may be substantially misreading, and perhaps underestimating, public support for interventions like a sugar tax. It also laid to rest the arguments that issues like obesity are too complex for the public to understand and that a jury of citizens would act in a narrow and self-interested way. Perhaps, even more importantly, it has shown governments across the world how such an approach can be used to consult the public using behavioural evidence, whilst pushing the frontiers of combining both online and in-person debate."[189]

This collaboration with VicHealth prompted more similar initiatives. One of these was born in partnership with the Movember Foundation, a multinational charity aimed at raising awareness (and money) on prostate cancer and other male diseases, as well as physical activity and healthy lifestyles. The foundation has raised half a billion dollars since 2003 and founded thousands of projects around the world. For Movember 2015, BIT was challenged to devise new ways of increasing levels of physical activity and to use the FitBit devices (a performance tracker app) to measure individuals' daily step count.

More than 600 individuals were divided into two groups and assigned different feedbacks: the first received just generic leader board information, whereas the second received more personalized ones, that advised them on their current team rank, compared them to the lead team and informed on who were

[188] VicHealth (2016b), *Victoria's Citizens' Jury on Obesity Insights Report 2016*, Victorian Health Promotion Foundation, Melbourne.
[189] The Behavioural Insights Team (2017). *Update Report 2016-2017.*

the most active individuals in the team. Thus, they were monitored for three weeks and received these messages at the start of each week.

As happened before in many other trials we have seen, those receiving more personalized feedbacks were outperforming the others, and interesting enough is that a major increase in activity affected women and those individuals who were previously least active.

Furthermore, to increase breast cancer screening rates, BIU teamed up with BreastScreen Victoria and realized a couple of trials. The first trial's objective was to encourage people to plan ahead their own screening, by sending one of two letters to some seven thousand women. Both letters informed them about the risks of breast cancer and the free screening service offered by BreastScreen Victoria. The second letter, though, contained a specific difference from the first: at the bottom of it recipients were encouraged to write down a date for their screening, which prompted them to think about when and how, prompting them to action, a strategy that seemed to increase the number of women booking for screening. Successive trials focused on more complex ideas, like lotteries with iPads as prizes that could also be donated to recipient's friends or persons they cared about.

Retracing the Australian case, this country has been spent on the health area, but like for the English team, other areas were tackled. For example, they worked with the New South Wales Department of Premier and the Department of Justice to reduce domestic violence reoffending. They redesigned and simplified court forms and rolled them out across the state and used SMS to increase defendant court attendance. This intervention was then spread to 46 courts across the New South Wales state. These experiments are based on the use of implementation intention already applied in areas like employment and health.

Another interesting experiment aimed at reducing traffic congestion by promoting flexible working. The team supported the NSW DPC to run a trial that led to some interventions that concentrated on changing the default core working hours and running team-based flexible work competition. The results of this was a 7 per cent increase in flexible working hours.

With the Australian Department of Employment, the team was able to increase the percentage of disadvantaged workers that found a job in south-west

Sidney. This was done by promoting subsidies for employers hiring disadvantage workers through online platforms that made much simpler, fast and clear for them to sign specific contracts. “This trial suggests that digitalization of government services can often bring substantial social benefits beyond simple administrative cost reductions, and electronic signatures have now been rolled out as ‘business as usual’ nation-wide.” [190]

In 2017, the team began a partnership with the Vincent Fairfax Family Foundation (another charitable trust) to imagine ways of promoting the ethical development of young people when they act online. The reason for this is the assumption that social media and the World Wide Web in general are shaping new and unexplored ways by which youngsters learn, socialize, construct their characters etc. 81 young people, along with frontline, academic and industry experts, were selected to bring up inputs and ideas; they identified four crucial ingredients for ethical development.

“First, our research suggests that most young people do not lack moral values but need to avoid ‘ethical fading’ and ‘moral disengagement’ to apply them when it counts. Once young people recognize the right thing to do, character skills such as empathy, self-efficacy and self-control can turn that recognition into action. Third, we must recognize how much a young person’s decisions are shaped by their environment. Taking control of their online environment – changing notification settings, deleting addictive apps, installing browser filters – is one of the best ways for young people to exert agency online. Finally, ethical development requires social support: family, peers, teachers and role models all shape which values a young person comes to adopt, and they can offer the practical support needed to make lasting changes.” [191]

To summarize, the experience of the Behavioural Insights Team had been pivotal to the subsequent implementation of a “nudge unit” in Australia. The team in New South Wales was deeply influenced by the work done in the

[190] The Behavioural Insights Team (2017). *Update Report 2016-2017.* p.16.
[191] The Behavioural Insights Team (2017). *Update Report 2016-2017.* p.16.

previous years by BIT, it was guided since its foundation by members of the original team and kept constant contacts and exchanges.

The proof of this is that BIT's yearly reports always include a section dedicated to its Australian little brothers and that David Halpern's travels to and consultations with BIU and Australian institutions has never stopped and led to new ideas and activities, like the Behavioural Exchange of 2014 we talked about, that has been repeated through the years in different cities of different countries.

The methods of research and intervention are the core foundation and the trademark of behavioural insights applied to policy-making: the use of RCTs to determine if a policy works, the low-cost/high-impact interventions, the production of reports, studies, essays, statistics and researches, the attention focused on minor and marginal problems that can be "nudged" towards desired results instead of holistic, comprehensive analyses and regulations that go in depth and tackle the roots of social inequality and injustice.

3.2. The cases of: Germany, Netherlands and Denmark

After the analysis of the pioneer the British example and of the Australian one, outside the European zone, in the next two paragraphs, the thesis will go through four cases inside the European border. Here, it presents three cases of countries that introduced behavioural science in policy making, specifically: Germany, Netherlands and Denmark, whose governments have been some of the first ones to show interest in the nudge approach. Then, it will dedicate a full section to the Italian case.

- **The case of Germany**

Germany was the third country in Europe in which the central government dedicated efforts, capacity and manpower to the development of behavioural insights, both in research and policy making. It is also one of the few to have a behavioural insights unit embedded within the government.

The unit was created in 2015 by the coalition guided by chancellor Angela Merkel and it had three members assigned to the Unit Policy Planning, Basic Issues and Special Tasks, in the heart of the Federal Chancellery. Their purposes are: the first one consists in improving policy impact by fostering citizen-mindedness, user-led design of processes and projects, and good access to helpful and clear information.[192] The second one is to test the impact and outcome of in-development policies using behavioural instruments (like we have seen for the previous cases).

They work as a service unit for the Federal Ministries and the members of the team have different specializations: behavioural and empirical social sciences, RCT design, law. Therefore, the team enjoys a privileged position within the government, which suggests they have its full support, but its small numbers may point to a cautious approach by the German authorities. In fact, it should be noted that the idea of introducing behavioural insights within the government agenda was not endorsed by everyone in the country[193].

Some reasons for that rely in the different approach to governance that the German people adopt compared to their Anglophone countries. For example, while in the US people are always suspicious when it comes to state intervention in everyday life (the fierce debate around President Obama's Affordable Care Act is one recent example), in Germany wide welfare state and extensive government intervention enjoy popular support. Moreover, nudging theory involves a degree of unconscious manipulation by the authority, which unsurprisingly is not well seen in Germany and the rest of Europe, given their last century's history.

Nonetheless, behavioural insights units have made it through scepticism and a number of institutions, public and private alike, apply them regularly: the German Department of the Environment, the Institute for Employment Research of the Federal Employment Agency (IAB) and the Chancellery; research institutions like the Cologne Laboratory of Economic Research, the Laboratory

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[192]Lourenco J. S., Ciriolo E., Almeida S. R., Troussard X. (2016). *Behavioural Insights Applied to Policy: European Report 2016*. This report summarizes a huge amount of information about the use of behavioural insights by European governments in policy-making. For the sake of this chapter, this thesis uses this thorough document to analyze the German, Dutch and Danish cases, unless otherwise noted.

[193] Burmester H., Shalhoff P. and Wachinger M. (2015) *Nudging hits Berlin*, Available at http://www.policy-network.net/pno_detail.aspx?ID=4903&title=Nudging-hits-Berlin

for Experimental Economics (eLab) in Erfurt or the Max Planck Institute for Human Development in Berlin; private organizations include Harding Centre for Risk Literacy and ConPolicy.

Alongside with that, several events aimed at promoting and spreading knowledge about behavioural science take place in Germany; the most important among them is the Berlin Behavioural Economics Workshop, a joint effort between several universities to enhance exchange and collaboration between institutes on behavioural insights.

An example of implementation of behavioural insights to policy in Germany is the contract terms that entrepreneurs must present to their customers when they sell goods online: clauses referring to withdrawal, termination duration, contract duration written in a simple, summarized manner. The rule is based on evidence that shows how hard it is for most consumers to avoid cognitive overload when facing long, complicated and technical contracts.

Another policy area interested by the nudge approach was employment. The study conducted on this field was a large one and saw the collaboration between the University of Bonn and the Institute for Employment Research of the Federal Employment Agency (IAB). It was done with the same instruments we have seen before with The Behavioural Insights Team interventions. It involved RCTs, control groups and a brochure designed using strategies analysed in the UK case[194].

The authors of the study conducted a large-scale field experiment in the German labour-market in 2015 and tested the effect of an informative brochure, sent to unemployed workers, in increasing their chances to find a new job. They explicitly refer to behavioural studies on this subject, underlying the difficulties unemployed people face when looking for information about which firms or industries value their skills, the channels to use for their research or the kind of jobs to focus on, with little or no feedback received back. Unemployed suffer

[194] Altmann S., Falk A., Jager S., Zimmermann F. (2015) *Learning about job search: A field experiment with job seekers in Germany*, Available at: http://ftp.iza.org/dp9040.pdf . This thesis will refer to this report when describing this case.

stress, frustration and several personal setbacks that make them unhappy and halt their willpower, which is crucial for their efforts of getting back to work.

The experiment was built on these insights and its core was the providing of better information for unemployed people about both job search and the consequences of unemployment. It involved 54.000 job seekers over the country that were randomly chosen either to receive an informative brochure or be part of the control group who received nothing. Moreover, the content of the brochure contained information about the labour market situation, public economics for unemployed, job search strategies and for every piece of information they included references to studies and reports.

The results of the experiment, even if positive, were not impressive: increase in employment are concentrated on job seekers at risk of being unemployed for a long period of time. Among them the increased rate received is 4%, which the authors find statistically significant, but on the overall sample they admit it to be insignificant.

The Harding Centre for Risk Literacy at the Max Planck Institute for Human Development in Berlin developed an initiative, aimed at enhancing informed decisions for medical interventions, that was informed by behavioural and cognitive sciences.

They produced an array of fact boxes on different subjects that are now used by the Bertelsmann Foundation and the main health insurance in Germany (AOK). In this fact boxes, information is provided about specific medical intervention (tests, vaccinations, operations) in a simplified and understandable manner. Pros and cons are highlighted to help people who have no medical preparation to make a competent decision.

- **The case of Netherlands**

The Netherlands has introduced the use of behavioural insights in policy making deep into its institutions, and it was the second European country that created a behavioural insights team but, unlike the British case, they do not have a centralized behavioural team. Here, instead, several Ministries implemented their own behavioural insights team, all of them coordinated by the Dutch

Ministry of Economic Affairs, which acts as common secretariat, that links them all.

The first Ministry to develop a team was the Ministry of Infrastructure and Environment, in 2012. Soon, other Ministries had behavioural teams, like the Dutch Council for Environment and Infrastructure (Rli), the Dutch Council of Societal Development (RMO), the Dutch Ministry of Economic Affairs, the Dutch Ministry of Infrastructure and the Environment, the Dutch Ministry of the Interior and Kingdom Relations and the Dutch Tax Administration.

Already in 2013, behavioural insights had become so influential that the Authority for the Financial Markets published a ban on commissions in complex financial products (like mortgages and life insurance) justified with behavioural science observation that information disclosure was not reliable enough to support people's decision making. The ban appears to have resulted in savings of 15% for consumers, with an average per hour reduction of 15€ for financial advisers (but the quality of financial advices doesn't look like improving).

The ministries are responsible for managing their own teams, and they usually have in-house experts of the matter that train and participate in studies. This approach was pushed forward in 2014, when it was announced that each Ministry would have conducted experiments to test the effectiveness of implementing behavioural insights to inform policymaking regarding their specific area of influence in governmental matters.

The network hereby established counted 11 ministries and promoted exchange of knowledge and experience among them. In the Netherlands, we can then acknowledge a constantly increasing interest, use and spread of behavioural insights in public policy. Several advisory bodies to the government has written different reports to inform them about how implementing behavioural insights could produce effective and economic ways to improve policymaking, like the Dutch Council for the Environment and Infrastructure (we'll see an intervention promoted by this institution), the Dutch Council for Social Development and the Netherlands Scientific Council for Government Policy.

The nudge approach tools used by the Ministries varied from occasion to occasion, some used RCTs a few times, like the Dutch Ministry of Economic Affairs, others relied on lab experiments or field experiments. Policy areas that have been interested by behavioural insights go from consumer protection to finance, justice, food, health, taxation, energy, transportation, environment and employment.

This un-centralized use of behavioural insights means that in The Netherlands they enjoy political consensus and widespread acceptance, but also that efforts and resources spent in them may vary from ministry to ministry.

The Council for the Environment and Infrastructure, for example, has adopted behavioural insights with much enthusiasm and has produced the Behaviour Analysis Framework, aimed at helping policymakers to conduct research based on analysis of fundamental factors determining behaviour, like personal skills, knowledge, motives, history, environment, to use them when configuring new studies or interventions. It is an instrument not so different from the BETA program published by The Behavioural Insights Team. This Framework has been used by the Ministry in some environmental policy case studies.

One of the first interventions in The Netherlands aimed at raising the number of customers at public libraries. In 2011, a train station library opened in Haarlem that was part of a project directed by ProBiblio (the service organization for public libraries in west Holland). Back in 2006, surveys showed that the use of public libraries was going down, since many years in a row.

It seems that customers were getting increasingly busy and had not as much time as before to come visit the libraries. The idea behind the project was to introduce libraries into train stations, because regular travellers use to spend their traveling time reading (74% of them are found to carry something to read). The point of train libraries is to bring public libraries in a place where busy people can get access to them without delaying their schedule. ProBiblio expected a number higher than one thousand subscriptions in the first year, but they hit only around seven hundred. Anyway, the amount of loans is twice the expected one, so every customer loans more than it was thought.

In addition, The Ministry of Infrastructure and the Environment launched the "Optimizing Project" in 2014. It implements behavioural insights to solve problems related to mobility, environment sustainability and traffic congestion. National and regional governments collaborated with businesses and institutions to solve circulation problems in the main road arteries of the State.

An example of a behavioural informed initiative in this project is the increased number of bicycle shelters at stations, a measure that changes the choice architecture in planning new road structures and points directly at a barrier to cycling, instead of promoting monetary incentives when buying a bike or a train ticket. Making the use of bicycles more comfortable (by granting shelter) and linking it to the train station, the project nudges travellers and everyday workers towards green solutions for their movements.

The project relies on behavioural “make it easy” mantra, enhancing information on travel and grants shorter waiting times at locks and reliable sailing times. Businesses involved participate to programs aimed at increasing the usage of bike-sharing by workers but also at reducing employee travel during rush hours using tax-measures but also, as we have seen in the Australian case, with options for flexible working. Between 2014 and 2017, government and regions agreed to dedicate almost 600 million € on the project.

Also, in 2014, the Ministry of the Interior and Kingdom Relations started the “Fair Tracks” project, a behaviourally informed initiative aimed at encouraging public officials to engage in proactive personal contact with citizens when handling their complaints. Tools were designed that led to new training patterns and guidelines to give citizens a perception of better involvement from authorities in their problems and an increased sense of fairness.

The project gave birth to new decision making and conflict handling procedures in 16 different domains, both to a national and a regional scale. The “Fair Tracks” project seems to have worked in the right way and it decreased the incidence of appeal procedures, thus saving a great amount of resources for the governments.

Furthermore, The Netherlands conducted an interesting study about unemployment that can be assimilated to the German one mentioned above. It inquired the efficacy of the so-called JOBS program (an intensive group training experimented first in the US in 1984) in helping unemployed people to get back at work. Considerations on the unemployed condition, both in its economic and psychological impact, are pretty much the same we have seen before and the theoretical documentation used is similar and is behaviourally informed.

The JOBS program is a short group training led by two facilitators and was originally aimed at addressing depressive symptomatology among the unemployed. The project is not so much into skill-learning but more focused on increasing self-confidence, problem-solving and other motivational levels. 125 long term unemployed people took part in the experiment, in the municipality of Lelystad and it used the RCT methodology.

Thus, three categories were created: those who received the JOBS program, those who received "employment vouchers" and a control group that received no treatment. The JOBS program efficacy seems to be proved by the fact that after 6 months those who participated in it had more probability of getting back to work against the other two samples. The program seems also more effective in the short run, because after 12 months there were no significant differences between the three groups.

To conclude, the Dutch Tax Administration designed an intervention aimed at incentivizing victims of scams to report. The Administration claims that 6000 people had been scammed by a fraudulent accountant just in 2009, but if they wanted to intervene they needed more information and it could be obtained only by the victims themselves.

Then, the Tax Authority nudged them with the use of specific letters like the ones designed by the Behavioural Insights Team: they contained strategies like social norms and reciprocity; there were different letters sent with different content and the usual control group. Sentences varied from 'The Secretary of State has ordered to' to 'Most people respond in time', relying on those successful examples we have seen for the UK case. Apparently, this increased the rate of responses from 62 to 67 per cent.

- **The case of Denmark**

Denmark has no behavioural team, but the country has developed an increasing interest in behavioural insights. Some Danish authorities, in fact, have started to form or are forming their own behavioural units, like the Danish Business Authority, who has created its own unit of specialists with the task of applying behavioural insights for several initiatives. Moreover, a training program was founded so that official can learn how to spot policy areas that could benefit from the introduction of behavioural insights through their processes.

A cross-governmental innovation unit was created in 2002, one of the first public sector innovation labs in the world. It is a part of three ministries and one municipality: The Ministry of Industry, Business and Financial Affairs, the Ministry of Employment, the Ministry of Education and Odense Municipality. In this, mixing creativity, innovation and collaboration, solutions are found to solve problems related to entrepreneurship, digitalization of industry, education, employment, etc. The approach of this pioneering effort is informed by behavioural insights in many aspects of policy-making.

Following the successful operation of the London Behavioural Economics Network, the Copenhagen Behavioural Economics Network was set to increase the circulation of knowledge and collaboration in studies on this matter. Besides, a great number of institutions, public and private, are involved with the use of behavioural insights.

Evidence points to an on-going collaboration between the National Administration and researchers that brought to the production of works of excellence, like the one that has been done on the study of retirement savings account, that enjoyed a huge number of public datasets.

The Danish Consumer and Competition Authority, for example, has been conducting experiments aimed at increasing price sensitivity in market sectors that have shrouded attributes and promoting alternative solutions for the disputes that occur between consumers and businesses, using social rules and default changes.

Furthermore, in 2016, the same authority proposed an intervention that addressed small consumer loans and aimed at preventing over-indebtedness. Behavioural insights show that, when accepting a loan, most consumers have clear in mind the short-term benefit but tend to take less into account the long-term effects of it. Therefore, the Authority called for a 48 hours cooling-off period for these loans, a window of time consumers could use to give their choice a deeper thought and value all pros and cons with care. After the 48 hours passed, consumers could take the loan. Another intervention aimed at increasing salience for key insurance information to prompt people to act for their best interests.

In the above paragraphs, this work summarized how the nudge approach is spreading in northern and central Europe: the next part will describe the case of Italy.

3.4 The case of Italy

In the European and global panorama, the case of Italy is unique. Compared to the Anglophone countries, here there is not a central level coordination for behavioural insights. In addition to this, the reform process was very slow. In this scenario, only recently, the nudging starts to be discussed among Italian politicians. This country tends to imitate the foreigner experiences which led to have a pool of already tested options and, thus, learning from them. But, at the same time, this can mean to not be well prepared on time.

Moreover, the Italian case is interesting because it has a difficult normative situation due to the various governments rotation and to the decrease of the legislative quality. These led to a chaotic scenario that complicates the public administration. Moreover, the interest in policy evaluation issues meets the political debates only at the end of the XX century, before it was only spread among academics. From the introduction of the valuation of the European structural funds, in fact, this country started to face changes in this field. This contributes to the spread of this tool in the public administration but, at the same time, the valuation system is reduced as it is identified with the European interventions.

To better understand the Italian case, this part firstly retraces the main elements of its recent development and, secondly, presents the details of policies using behavioral insights. Historically speaking, only at the beginning of 90's, under the government of Ciampi Carlo Azeglio, there was a step forward after a long period of stasis in terms of regulation quality[195].

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[195] Specifically, with Decree Law 3 February 1993, n. 29: *Razionalizzazione dell'organizzazione delle amministrazioni pubbliche e revisione della disciplina in materia di pubblico impiego.*

In 1999, there was an innovative phase in the Italian scenario as the focus becomes the regulation quality.[196] In addition to this, Italy followed the OCSE guidelines and set up the so-called *Nucleo*.[197] This reform modified and improved the public system in Italy as suggested also in the OCSE report[198] also with the *Osservatorio per le semplificazioni* to do ex ante evaluation of the regulation opportunity to simplify the administrative process.

However, from 2002 the *Nucleo* and the *Osservatorio* were abolished and a peculiar office was created. Only in 2006, after five years, the political debate started again to focus on this issue. The Italian government had an Inter-Ministerial Committee that plans specific actions for the policy simplification and the regulation quality. This implies some interesting changes as *taglialeggi* done to delete old and obsolete laws toward higher quality ones and the *better regulations* tools.

A turning point in this process was the law 4th March 2009 n.15 highlighting the importance of results and performance evaluation and of the citizens satisfaction measurement. Moreover, the setup of an independent Commission helps to emphasize the role of valuation and transparency in the public administration. The presence of the AIR Osservatorio raises the number of researches on better regulation in terms of impact assessment, simplification, transparency and participation.

Another important feature in this period was the *Madia Law*[199] in 2015 under the Renzi' government to improve and reinforced the previous initiatives[200]. In fact, the aim was to simplify the State and to improve its competitiveness and to focus on the citizen' role as an active collaborator to reach the simplification of

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[196] Law 8th March n.50: *Delegificazione e testi unici di norme concernenti procedimenti amministrativi - Legge di semplificazione 1998.*

[197] Nucleo is a specific structure composed by a sample of experts done to simplified norms and procedures.

[198] OCSE (2001). *Regulatory Reform Report.*

[199] Law 7 August 2015, n. 124, *Deleghe al Governo in materia di riorganizzazione delle amministrazioni pubblich*e, GU Serie Generale n.187 del 13-8-2015. For higher details on this law: http://www.gazzettaufficiale.it/eli/id/2015/08/13/15G00138/sg

[200] Verbaro F., *La Legge 124/2015: perché non è una riforma,* Fondazione Promo PA.

the public system. In Italy, this has gained much more importance also to answer to the excessive past-regulation.

As suggested by Mattarella[201], which directly work on this law elaboration, it is a crucial feature in the simplification process and it also presents different elements connected to the nudge technique. In the body copy, there is not an explicit reference on nudging, but we can find some aspects close to the nudge logics in the *capo I* dealing with the administration simplification (especially with the Carta della cittadinanza digitale in article 1) and also in *capo III* taking about the human resources (with article 18 on the public managers).

Specifically, this law wants to reach three main goals: the first is to have a State able to answer to citizens and firms needs with specific rules in the right time and following the transparency principle. The second one refers to the public resources management; therefore, these assets should be organized in an efficient way, avoiding wastefulness. The last is to use the todays innovation aspects to reconquer the citizens' trust in the public institutions and, thus, to improve the democratic system.

The above-mentioned objectives show the growing interest among politicians on the role of citizens and on the relations with them. This represents a new perspective which requires the use of innovative technological process and adequate resources.

In this scenario, the digital technologies result critical because they are the main channel to develop a tight collaboration between the public and private sphere with the aim of improving the role of citizens in the governance. In line with this, the Italian norms' system creates the *Digital Administration Code* to reorganize the services thanks to the use of information and communication technologies and with an analysis of the citizens and firms' needs.

Following this approach, the citizen should know the services and the structure that provides them. This *open-government* will change the administrative apparatus with a new organizational design that reduces errors,

[201] Bernardo Giorgio Mattarella is Professor of Administrative Law. In 2014, the Minister Madia as the Head of the legislative office in the Public Function Department in the Premiership. Mattarella was elected President of the Italian Republic in 2015.

helps better planning and evaluation outcomes and creates a top-down relation between government and citizens. This means to review all the administrative processes from a digital side to increase the information access to the overall population. Therefore, this digital transformation results a powerful element to help the country competitiveness in the international landscape.[202]

Considering this historical review and these developments, it emerges, therefore, that there is an increasing attention to guarantee the digital citizenship to be closer to the *smart regulation* principle[203]. Here, policy makers should consider this direction and could use nudging strategies to avoid among citizens mistrust and possible doubts on the digital administration.

In this wave of innovation and to promote an effective dialogue between the public sphere and citizens part, the Agenda for Simplification 2015-2017 deals with the Behavioral insights. The Agenda tackles five main sectors: digital citizenship, welfare, health, companies and construction industry. For instance, for digital citizenship, single credentials are enough for every online public service and digitalization of Justice is working for some procedures under a bunch of Court Districts. The simplification of administrative procedures often requires an automatic default pre-filling of fiscal and non-fiscal declarations, and, thus, there is the need to reduce information overload. Another interesting initiative is the so-called "Improving Usability of Public Administration Websites" managed by AgID. This wants to increase the users' confidence towards public administration websites, therefore enhancing usability. Moreover, the same agency is dealing with several initiatives to improve the access to online information provided by the public sphere.

Italy relies on public institutions as well as private ones (i.e. Auchan S.p.a.; Coop), or Universities centers (i.e. Centro di Ricerca in Epistemologia Sperimentale e Applicata (CRESA), University San Raffaele; Behavioral and Experimental Economics Lab (BEELab), Florence). Even with this number of institutions that know each other very well, there is a lack of awareness of the

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[202] A proof of this interest is for example the Report presented in 2016 by the Depute Chamber titled: *Italiadigitale: 8 tesi per l'innovazione e la crescita intelligente.*

[203] Casu A. (2015). *Fare meglio con meno. Nudge per l'amministrazione digitale*, Franco Angeli.

potential of such a methodology at institutional level.[204] There is, however, the effort of sharing best practices with and from advanced countries as well as with the European Commission.

In addition, the Italian example presents a triple level of implementation (national, regional and local). The most important experiences have been at the local and at regional level. In the first one, evidence of applications of behavioral techniques, are done, for instance, in the Province of Trento with University of Trento (Cognitive and Experimental Economics Laboratory) and the Bruno Kessler Foundation (Behavioral Economics and Nudging unit). While, in the second one, there are two regions more prone toward this approach: Lazio and Emilia Romagna.

Regarding the three leading public bodies, there are: AgID – Agenzia per l'Italia Digitale (Italy's Digital Agency), AEEGI (Authority for Gas, Energy and Water) and CONSOB (Authority for Financial Markets). They test new policy initiatives through experiments or explicitly applying behavioral insights.[205]

In this country-case, each actor (CONSOB, AEEGSI and AgID) works independently, showing a no clear central coordination aside from the guidelines in the Agenda for Simplification. However, the goals are: the increase of the level of satisfaction among the citizens, the definition of measurable results and the reform of the public administration.

Looking at the financial protection field, CONSOB's Economic Research Department is in the Presentation of financial risk information research project, known as "Consumer Testing Project". This initiative wants to capture the subjective understanding and perception of financial information and their effect on investment decisions. Following a consumer-testing approach, it examines: how representation formats (or templates) impact investment decisions, risk perception, and which one is preferred in terms of clarity, simplicity and utility. Results gained allow a deeper knowledge of investors' needs (for information) and the identification of optimal combination of disclosure variants and representation approaches, and, finally, provide useful insights for securities

[204] The Behavioural Insights Applied to Policy (2016). *Italy, country overview*. Report.
[205] Ibidem

regulators engaged in the simplification of financial information disclosure of investment products.[206]

While, an important experiment in the transport field regards the reduction of road deaths and injuries. In fact, as other European Countries, Italy also has a penalty point system for driving licenses: each driver begins with 20 points and has a bonus of 2 points for every 2 years of right behavior, up to 30 points. Each traffic violation creates a peculiar point penalty and, if the driver loses all points, the driving license is revoked.

In Italy, the decremented point system - that implicitly taps on loss aversion - was introduced in 2003, when official statistics reported 265,402 road accidents, with 6,980 deaths and 378,492 injured. In 2011, the number of accidents decreased at an all-time low (205,638, - 22,5%), with "only" 3,860 deaths (-44,7%) and 292,019 injured (-22,8%). Moreover, a socio-demographic study affirms that younger drivers are more prone to lose points, and men more than women.

Another interesting case comes from the environment section, done to limit food waste. It was promoted by Auchan which applies a discount to food items close to expiration date. Price was decrease of about 50% to increase the consumption of such products, reaching a food waste reduction. This represents not only an action on price but rather implies a change of the choice architecture: locating and reorganizing these items to be bought.[207]

With the above-mentioned experiments, it is clear that Italy is changing and has an increasing attention to the behavioral science. Furthermore, with the creation of a Committee of expert in behavioral science in the Premiership, together with Scuola Nazionale dell'Amministrazione (SNA), the nudging approach spreads among the public administration employees.

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[206] CONSOB (2010). *Policy Implications of behavioural finance.* WP No. 66. http://www.consob.it/mainen/documenti/english/papers/index.html?symblink=

[207] The Behavioural Insights Applied to Policy (2016). *Italy, country overview*. Report.

3.5 The case of the World Bank

After the previous analysis of country-cases both inside and outside Europe, this paragraph considers the example of one of the most important international organization which deals with the behavioural science and the nudge approach. Specifically, in December 2014, the World Bank released a ground-breaking report titled “Mind, Society and Behaviour”[208] that was a manifesto for a new approach to research and intervention by the institution. In this report, the World Bank acknowledged the main thesis of behavioural science that humans tend to act in ways that are often not self-beneficial and sustained by economic rationale, but rather motivated by influence of social context, culture, personal inclinations, information and psychology.

With the use of a huge amount of data and examples gathered throughout its decennial activity, the World Bank claims in the report that the use of behavioural insights for the future of the organization is of paramount importance. Jim Yong Kim, President of the World Bank since 2012, was enthusiast of this new course and said that “For us, in my view, not to take this behavioural science literature into account as we do our work is a form of malpractice. So, we simply must do it”[209].

The report encourages all professionals in the development field to take into account how people really think, behave and understand their world. To apply this new course to such a huge and complex organization like the World Bank (often blamed of being incapable of adapting herself and evolving) Jim Yong Kim asked support to David Halpern, the man we have seen to be responsible for the UK Behavioural Insights Team.

The head of the report, Varun Gauri, was then assigned with the impervious task of creating initiatives to foster the introduction of teams inside the World Bank’s organization, with the specific aim of increasing behavioural knowledge and understanding within the institution. This led to the creation of the Global

[208] World Bank Group (2015), *Mind, Society and Behaviour, World Report 2015*.
[209] Tyson J. (2014), *Mind, Society and Behaviour at World Bank*. Devex, Available at: https://www.devex.com/news/mind-society-and-behavior-at-the-world-bank-85016

Insights Initiative (GINI) in 2015, a nudge unit not so different from the British one, and then to the foundation of the official World Bank's behavioural sciences team: The Mind, Behaviour and Development unit (eMBeD).

The team works closely with project teams, governments, and other partners to diagnose, design, and evaluate behaviourally informed interventions. Working with an international network of scientists and practitioners, the eMBeD team investigates on important economic and social issues and provides a contribution in decreasing poverty and increasing equity.[210]

As for today, the team has launched more than eighty behaviourally informed projects across fifty countries in policy areas that range from Education to Health, Employment, Taxation etc.[211] Some of these team projects and interventions will be presented in the next two pages.

Much effort is given by eMBeD to the policy area of Education. The Peruvian government has seen a tight collaboration with the World Bank on the subject, a collaboration that also brought to the foundation of MineduLab, an in-house cost-effective innovation lab promoted by the Peruvian Ministry of Education with the help of eMBeD, which is now running more than 15 interventions to reduce teacher biases, improve teacher and student motivation or increase parents' engagement.

For example, teachers in Peru are often dissatisfied by their job because they perceive that their role in society is not valued as it should, so the team experimented the impact of a weekly SMS campaign that targeted teachers and informed them about school benefits and contained motivational messages. Another project in Peru pointed at teachers' absenteeism, which is not critical in Peru but increases to high rates in the poorest neighbours, with the use of messages through emails or phones that contained social norms.

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[210] Information about eMBeD activities, projects and publications can be found at the World Bank's website, http://www.worldbank.org/en/programs/embed#1

[211] Vakis R. and Gauri V. (2017), *Embedding behavioural insights in development projects,* World Bank,
Available at http://blogs.worldbank.org/developmenttalk/embedding-behavioral-insights-development-projects-update

More interventions on Education targeted other countries. In Nicaragua, the team tried to encourage improving parenting practices in rural areas by engaging parents with daily messages informing about health, nutrition, stimulation and environment. In addition, in Mexico, the team tested an initiative to reduce high-school dropouts, in collaboration with the local government and teachers to introduce practices from Cognitive Behavioural Therapy combined with math tutoring. In India, the team collaborated with Ideas42 (another behavioural science team) to study interventions that helped in increasing retention in quality postsecondary programs.

Health is another policy area crucial for the World Bank. In Niger, for example, eMBeD worked to improve nutrition of children introducing better practices in water, sanitation and hygienic habits. In 2013, almost a third of children under 2 years old were stunted, even more in rural areas. The project involves families and uses behavioural initiatives to spread better habits in health and nutrition. While, in Brazil, the team promoted treatment of tuberculosis in Rio de Janeiro's slums, by using call centres and improving the traveling experience for patients, that provided salience, motivation and feedback that encouraged them to keep on with the treatment. In Cameroon, the team designed a project that meant to increase contraceptive usage by adolescent girls, by conducting a thorough study to understand the psychological, behavioural and social reasons that influence girls in using or not them. A major effort has been spent in India to spread the use of toilet, in a country in which nearly 600 million people still defecate outside. Social norms and cultural reasons, aside from the usual economic ones, influence this habit. The project aims at understanding these reasons and design interventions that can change behaviour and practices.

Another important intervention happened in Central America and involved Costa Rica, Guatemala and Honduras. The World Bank's team designed a set of letters sent from the tax authority of each country to citizens and firms that had failed to pay their taxes.

Content of the letters were modelled on the original experiment from The Behavioural Insights Team: social norms, like showing that most people comply, pointing the fact that compliance is a citizen's responsibility, and deterrent, reminding that failing to comply is considered a personal choice. It resulted in the increase of the rate of payment and average amount, tripling the tax receipts. An identical intervention has been launched in Latvia.

A project in Bangladesh was conceived to give women more access to financial services. In the country women have no access to finance and that makes much more exposed to the risk of slipping among the rural poors. The project is conceived so that these women can have a facilitated access to e-wallet accounts with the use of mobile financial services.

A similar project takes place in Tanzania, were the team is still conducting surveys and lab and field experiments to test barriers and opportunities for increasing the use of mobile financial servings. In Senegal, where gender inequalities leave most women out of the labour force, the team worked with women's psychology agency to help women develop higher aspirations and self-efficacy. Gender stereotype is a problem for Turkish women too: the team designed strategies to reduce it by assessing how the presentation of socio-emotional skills in women's resumes can be used to be called back by employers.

In Nicaragua, an experiment was led that aimed at improving women's intra-household bargaining and empowerment. The program offered households with at least one female member between 16 and 60 years old a set of benefits: training on community organization and gender awareness, training in basic business skills to develop small house-hold enterprises, capital and assistance. The test led to improvements in involved individuals' earnings, but no improvement was found in the overall household employment or income. Women that benefited from the program were more involved in the process of decision-making for the household, after it, and spousal relations appeared to improve.

In developed countries, there are several measures of cognitive, non-cognitive and technical skills that are constantly used to understand the process of skill formation and the impact of different skills on economic decisions.

The World Bank's team ran a study in Kenya to understand whether these measurement systems are reliable when used in the contest of less developed countries. A survey was administered to more than 900 farmers in western Kenya that showed the cognitive skills measures are accurate but the same cannot be said to technical skills and non-cognitive skills, which are influenced by the respondents answering patterns and the phrasing of the question.

The team engaged then in improving this pattern to address the situation, with some but non-definitive results. The STEP Skills Measurement Program is a similar research initiative by the World Bank that aims at improving collection of measures of socio-emotional skills and psychological constructs of the adult population from 14 different developing countries.

This brief analysis of the World Bank case ends the discussion about the actual spread of behavioural science and the nudge approach in policy-making. The thesis has seen how fast and wide governments and private institutions have adopted the method Thaler and Sunstein described in their famous book.
Both authors have been involved by governments to build units and experts that could apply their theories and a massive amount of new surveys, experiments, data and insights have emerged from these efforts worldwide.

3.6 The Comparison among European Countries

In any case, before concluding this chapter, it is important to point out, briefly, which are the common element and institutional location of the behavioural insights units, especially in the European panorama. As mentioned before, behavioural sciences are increasingly used for policy making. Several EU countries have either set up behavioural insights teams or are in the process of doing so. Instead, at international level the World Bank and the OECD have published reports emphasising the importance and addressing the behavioural element in policy.

Since 2008, the European Commission has been a front-runner in bringing behavioural insights into legislation and regulatory interventions. This approach has been used in several cases: the directive of consumer rights, other consumers protection interventions, competition policy decisions. Overall, the evidence shows that insights from behavioural science are contributing to reshaping public policy in a wide range of domains, in particular employment, consumer protection, taxation, health, transport and environment. Moreover, some successful behavioural initiatives seem to be replicated or adapted across countries.

More in general, the behavioural science and the nudge approach are useful to understand the context of a policy issue or can highlight the behavioural element of a give policy initiatives. They can inform policies by providing analytical framework for experimentation and ex-ante testing of policy options to assess their effectiveness. The effectiveness of public policy often depends on how people react to it and the extent to which people's real behaviour is taken into account when designing policy.

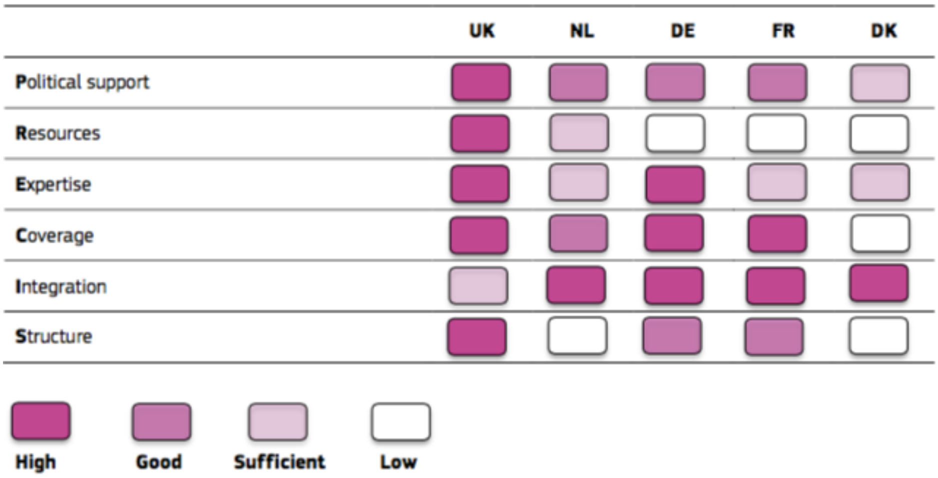
From the institutional development in several EU countries have created dedicated teams: UK, The Netherlands, Germany, France and Denmark. The last few years have seen exciting developments in the application of behavioural insights units to policy-making across Europe. In the previous paragraph, some of these countries' cases have been analysed.

The existing behavioural teams present several differences. Nevertheless, they contributed to rising the awareness about the potential of behavioural insights units for policy- making and pushed their effective use in the respective countries. Behavioural sciences use an empirical approach allowing a more open and direct integration of evidence gathering and policy development.

The behavioural insights units offer innovative ways to move beyond business-as-usual interventions and improve the design and implementation policies. Those units are also valuable in the context of enforcement policies. Furthermore, units are powerful tool for delivering more targeted and efficient policy solutions and can also complement traditional tools by helping fine-turning policy measures. The key features of an effective behavioural team are summarised in the PRECIS that is the acronym of Political Support, Resources, Expertise, Coverage, Integration and Structure.

Political support embeds the level of engagement of political representatives. Resources mainly gives account of the number of people constituting the behavioural team. Expertise provides an indication of the experience or seniority of the team and its multidisciplinary, based on information from recent trials, articles, reports respectively carry out and published by the team. Coverage deals with the policy scope of the team. Integration, or not, with the government institutions. Finally, the dimension of structure refers to the centralization, or not, of the team. The scheme below defines a PRECIS for five leading European countries.

Table 7: A PRECIS for five leading European Countries



Source: European Report (2016) Behavioural insights applied to Policy, Table 8, p. 34.

The pioneering example is the UK BIT, that enjoys very strong political support. The team operates across all policy areas and carries out original researches. It has a centralized structure and conducts trials in close collaboration with the behavioural insights teams in the governmental departments.

The Netherlands has been the second country in Europe to construct a behavioural insights unit. Furthermore, the behavioural approach benefits from a significant political support. It does not have a centralized BI team and all the behavioural capacities are integrated within the government, thought being structurally decentralized across a number of ministries and authorities. Since December 2014, several ministries were launching pilot studies to explore more specifically the benefits of applying BIs in each respective policy area.

Germany is the third country, in the European Union, to build behavioural and design capacity within the Government. Its objectives are: to improve policy impact by foresting citizen–mindedness and to test proposed solutions and providing impact assessment of the policy development. The unit, that is still small, acts as a service unit for the Federal Ministries and benefits from thorough political support.

Denmark has not a specialized unit within the Danish government. However, some Danish authorities have started to take BIs into account on a structural basis, with some of them having formed or are forming their own behavioural insights units. Moreover, the Mindlab was created to involve business and citizens in the creation of new policy solutions.

The last European country analysed is Italy. At the end of the century, started an innovative phase with the focus on the regulation quality. The Italian government had an Inter-Ministerial Committee with the task of planning specific actions for the policy simplification and the regulation quality. Still today there is no a concrete behavioral insight team that supports the government both in regulation and in formulation of public policies. However, in the future there will be the possibility of the creation of that team.

In the next part, it is presented a review on the debate around the nudge theory. The thesis concludes this chapter trying to give voice to critics as well as observations.

3.7 Critics and observations

Deeply rooted in the psychology of behavioural science, the nudge approach sought to apply to governance what the scientists know about human behaviour. Thaler and Sunstein assessed that the findings of behavioural science could be introduced into policy-making to improve citizens' life, without limiting personal freedom or using coercive methods. Furthermore, the use of RCTs when testing an intervention was of paramount importance to understand the effectiveness of a policy: a new way of interpreting governance.

Thaler's and Sunstein's book called for a smarter, technological approach to government, something that has captured the imagination of politicians like David Cameron and Barack Obama, the first ones to adopt a nudge unit. Since then, much more units were born around the world, in governments and, above all, private institutions and firms.

In addition to this, on the scientific side, a great number of papers and articles came out, some of them in favour and many others against the principles of this innovative approach. Thaler's and Sunstein's ideas have certainly hit the first pages, they have been debated and experimented, but there have been some setbacks.

David Cameron seemed to be really excited by the idea of a collaboration between his establishment and behavioural experts; he talked about this collaboration to a TED talk in California, in February 2010[212]. He was proud of announcing that his entourage was working with Sunstein and Thaler, showed a picture of them and gave some examples of how the "nudge revolution" would have worked.

In 2010, he established The Behavioural Insights Team, appointed David Halpern at its head and went immediately to meet them. It appears that their first meeting didn't go well[213], in fact Cameron asked for their substitution. After this event Cameron's government didn't talk that much about his nudge "revolution", troubled with many other concerns, and the nudge unit seems to have been put aside from the centrality it was announced to have.

While the agreement with NESTA, that has partly privatized the team and put it out of the government's direct control, was claimed to be an improvement by the Behavioural Insights Team, it looks more like the symptom of a cooled off attitude towards the nudge approach by the UK government, considered how much faith was given to the operation before it started.

The team has seen some success, but some of its major objectives proved to be failures: the experiment of telling people how much neighbors pay for

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212 Adams T. (2014), *Nudge economics: has push come to shove for a fashionable theory?* The Guardian, Available at https://www.theguardian.com/science/2014/jun/01/nudge-economics-freakonomics-daniel-kahneman-debunked

213 Adams T. (2014), *Nudge economics: has push come to shove for a fashionable theory?* The Guardian, Available at https://www.theguardian.com/science/2014/jun/01/nudge-economics-freakonomics-daniel-kahneman-debunked

electricity has seen no tangible improvement, instead it proved once more that a carbon tax is still much more effective[214]. As the government of David Cameron was removing the team from its direct control, some of the first critics to the core of the nudge theory were coming out.

In the rest of Europe, this approach has been debated and, as we have briefly seen, also tested on the field. To be fair, aside for a couple of central countries, the penetration of behavioural science in the governments system is sporadic and rarely centralized, but usually grows from the collaboration of different institutions. Organisms like the World Bank seem to comply more than governments to the nudge theory, as do private firms.

Anyway, with more than 80 countries using behavioural insights, Thaler and Sunstein can certainly claim that their ideas have been heard and were successful, at least in conquering the sympathy of politics. They can't deny, though, that the general scope of this approach should be reconsidered.

An observation that can be directed to the nudge theory, when tested on the field, is that its targets and solutions seem to be short-sighted and really working (when working) on the short-term, while the problems they are trying to solve are big and complicated ones and should probably be treated with a deeper understanding of their case and with more effort.

While changing the disposition of food in a cafeteria, to make healthy food meet the eye easier, can be a simple and efficient solution to lower sugar consumption in customers, treating with the huge and increasing matter of obesity in developed countries is something that requires sharper tools. Sending motivational and information to job-seekers is another cheap and positive intervention, but when talking about the labour market and people inclusion, we put ourselves into problems that cannot be solved by letters.

The narrow scope of most interventions by the Behavioural Insights Team is surprising, even more if compared to the great deal of studies and experiments that the team designed for each one of them. Maybe one reason for that was the thin line Thaler and Sunstein were walking when they talked about *libertarian paternalism.*

[214] Ibidem

A lot of critics to Nudge came from libertarians themselves, almost all of them pointing at the manipulative aspect of nudges and their consequences on the personal choice and freedom. Thaler and Sunstein stressed many times the fact that a true nudge never prohibits any choice nor makes them more expensive, it just changes the architecture of all possible choices to nudge the expected one.

To do so and producing effects on a nation's health, taxation, transport institutions etc. (effects that are relevant enough to be presented as a success for a government and a means for citizen's consensus), must be difficult. Many critics of the general idea of Nudge have nonetheless favoured the introduction of experiments and RCTs aimed at granting the effectiveness of a new policy before stepping it up to the whole citizenship, but controlled lab experiments or local ones could not be reliable when widened to the entire social body, where often consequences are unpredictable.

As mentioned above, most critics point at the concept of *libertarian paternalism* and the manipulative aspects of the Nudge approach as the main problem. In a paper discussing the subject[215], Lepenies and Malecka claim: "Most frequently discussed in the current debate on nudges are the complex relations between the concepts of autonomy, freedom and rationality – how they are understood, how they change as a result of nudging policies, or how they should be redefined."[216]

Some questions on the moral limits of nudging and the philosophical relevance of *libertarian paternalism*; they fear that shaping people's choices in a particular direction is intrusive and are worried about the implications of exploiting human weakness. Lepenies and Malecka introduce a new perspective among these critiques, an institutional perspective that goes beyond (but does not deny) the individualistic ones, that focus only on the relation between a nudger and a nudgee.

Taking under consideration the legal and political institution in which a nudge is embedded, the authors ask if the nudge approach could be in contrast with the law or could have effects on it and the institutional structures in which the

[215] Lepenies R. & Malecka M. (2015), *The Institutional Consequences of Nudging – Nudges, Politics and The Law,* Dordrecht.
[216] Ibidem, p.2

approach is adopted. Particularly, they say that "the problem here is also that nudging proponents provide only a selective reading of the scientific literature to justify their policy proposals. This can best be demonstrated with the concept of bias. The concept is consistently relied upon by nudging enthusiasts, despite there being an ongoing, foundational, debate in the behavioural sciences on whether a) certain patterns of behaviour are biases or b) whether de-biasing is possible. Adherents of nudging are also not consistent in their treatment of biases. At times, nudges should liberate people from biases – yet on other occasions, biases are actively used to serve policy goals. Sometimes they propose to take advantage of a bias that stems from availability heuristic in order to influence people to make a healthy choice. Sometimes they propose to eliminate a bias so that people are helped to maximize their self-interest or welfare."[217]

Institutions that work in the way of eliminating biases are different from institutions which take advantage of them, so this ambiguity in the use (or abuse) of biases leaves policy-makers with the uncertainty on how to shape institutions. Moreover, they argue that the important question which should be asked here is this: what kind of reasons do policymakers have in order to treat the current state of knowledge as reliable, or at least reliable enough to use it as a base for formulating and proposing policies?

While proponents of nudging believe that scientific knowledge (especially in the newly emerging disciplines such as cognitive psychology or cognitive sciences and neuroscience) is subject to constant testing, critique and refutation, there is no deeper reflection on the reliability of this knowledge as a basis for policy recommendations.

This is further complicated by the worry that there is no neutral way to rely on behavioural findings in policymaking (in addition to fundamental difficulties of the legitimate roles of technocrats, experts and policymakers generally). The danger of regulatory capture is especially problematic when it might befall a policy instrument that is by design less visible and contestable than traditional

[217] Ibidem p.3

legal and policy alternatives. For these reasons, we must proceed with caution if we want to turn democratic societies into nudge worlds.'[218]

Adam Burgess, risk researcher at the University of Kent in Canterbury(UK) was surprised[219] by the widespread appeal behavioural science enjoyed then by the English government. He claims nudge theory lacks a compelling evidence that it works. "For the most part it is only evidence-based in the sense that proposed schemes are informed by particular misperceptions found in experimental settings. It is in this context we can understand why the cleverly modified urinals at Amsterdam airport are so often cited; not only is the placing of a pretend fly a funny example, it is also one of the few clear successes."[220]

He referred to the Dutch campaign that put in airport urinals the picture of a firefly to improve toilets-users' aim. Burgess suggests that part of Nudge's success may have something to do with the historical phase we are living in: a post ideological phase with a convergence to the center of the classical political spectrum.

This "middle ground" stand in politics is very well met by a middle ground solution to problems like Nudge. But Burgess thinks what matters most in this shift is the economic crisis, which has brought with itself a collapse (or deterioration) in peoples trust towards old school economics and the economic system around it.

The crisis might have showed everyone that the rationality of market agents may be not that rational, not always at least, opening the way to a theory like the behavioural one, that puts its roots on the concept of fundamental irrationality of human beings. Burgess says also that the promise of doing more with less, as Thaler and Sunstein put it (that is, to achieve goals in public services without a lot of public expenditure), is alluring for governments who must act in times of recession and whose primary concern is to cut budgets and costs.

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[218] Ibidem. p.9

[219] Burgess A. (2012), *'Nudging Healthy Lifestyles: The UK Experiments with the Behavioural Alternative to Regulation and Market*, European Journal of Risk Regulation, Issue 1/2012, Available at http://regulation.upf.edu/exeter-12-papers/Paper%20233%20-%20Burgess%202012%20-%20Nudging%20Healthy%20Life%20Styles.pdf

[220] Ibidem. p.6

The author also claims that since the late nineties concerns about the impact of behavioural science on freedom and rights are less advocated than those regarding risk avoidance and safety. He says that "sustainably transforming social norms through manipulation – even in combination with other approaches – is not a strikingly attainable objective, yet this remains the temper of current behavioural declaration. With few apparent obstacles to experimentation and allowed free rein, it seems behaviourism can become an inflated project with limited self-restraint."

In Burgess view, the risk is to expect from nudges what they can't really achieve: to solve major problem (like climate change) with little interventions that show a narrow scope. He is worried that, by embracing Thaler and Sunstein's theories, governments risk to oversimplify and misconstrue structural problems as individual lifestyle choices, thus diverting resources to seek simple solutions to complicated problems.

Alan Miller wrote on the Huffington Post that the Nudge approach is consistent with a growth in interest for governments on the private sphere and how to affect it, and that this continual focus on citizens personal behaviour illuminates starkly how few macro ideas administrators and politicians have for having an impact on how we organize resources in society to meet our demands.

Resources after all, despite what it may be fashionable to believe, are not limited, fixed or finite — but change as innovation and technology develops and as we develop. They can be distributed and organized in all manner of fashions too. Some more consideration about economics, expansion, reducing unemployment and improving and developing health provision is the realm of politics. Not tinkering with subliminal messages as "nudgers" or banning things as shovers.'[221]

Gerd Gigerenzer, director of the Centre for Cognition and Adaptive Behaviour at the Max Planck Institute in Berlin is maybe the most serious

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[221] Miller A. (2010), *Let's Banish nudges and bans*, The Huffington Post, online, available at: https://www.huffingtonpost.com/alan-miller/nudges-and-bans-lets-bani_b_781651.html

opponent to the Nudge concept[222]. Kahneman himself (the godfather of the Nudge approach) calls him his most persistent critic. “The shorthand of Gigerenzer’s criticism then and now was that Kahneman presents “an unfairly negative view of the human mind”. Or, as Gigerenzer himself explained “in concentrating only on fallacies and biases Danny [Kahneman] pushes the idea that people are dumb.” That shorthand – that because of various provable fallibilities in reasoning when making decisions, human beings are incapable of choosing the best outcome for themselves – is the basis of the philosophy behind nudge economics.’[223]

At the bulk of Gigerenzer argument there is a critique towards an overconfidence on statistics and prediction of outcomes that afflicts too many economists and sociologists. He says that in complex (and not so complex) tasks people are better informed by heuristics (rules based on observation, experience and what the professor would call ‘gut feeling’) than by statistical mathematical rational models. The desire for ever greater complexity in the process of decision-making, driven by ever greater access to data, in practice produces what he calls risk-averse “defensive decision-making”, or covering your backside. You don’t do what your instinct and experience tell you is right: you find the data to support an inferior, but less personally risky choice.

Gigerenzer advocates for simple rules in the real world, with all its complexities, because forging complicated models can be seducing but could become part of the problem. In his vision, people should be better educated about statistical and also critical thinking to make them risk savvy. He says that he is not against a little bit of nudging here and there, but that it can’t become a philosophy for a country, it would show only political cowardice, giving up trying and inform citizens to make them more independent.

In an article for Slate[224] Farrell and Shalizi criticize the Nudge theory for its reliance on scientific knowledge to inform policies, and its technocratic faith.

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[222] Adams T. (2014), *Nudge Economics: has push come to shove for a fashionable theory?*

[223] Ibidem

[224] Farrell H. and Shalizi C., (2011), *Nudge no More*, Slate, Available at: http://www.slate.com/articles/health_and_science/new_scientist/2011/11/does_nudge_policy_work_a_critique_of_sunstein_and_thaler_.html,

They write that ‘Thaler and Sunstein's ideas presume good technocrats can use statistical and experimental results to guide people to make choices that serve their real interests.

“This is a natural belief for scientists and intellectuals, especially those who see the awful ways scientific knowledge is abused politically and think life would be better if scientists had more authority.”[225] They claim that they are wrong mainly because their theory is based on wrong social science premises. ‘Thaler and Sunstein's claims about the benefits of opt-out schemes are belied by little evidence it increases donations. According to Kieran Healy, a sociologist at Duke University, differences in donation rates are better explained by differences in organizational effectiveness than differences in opt-in/opt-out. It is not clear that opt-out would increase donations; unsexy but crucial reforms to regional schemes would almost certainly work better.’[226]

The authors say that the problem with Thaler’s theory is its overconfidence in technocrats and their knowledge about what people really need, especially because nowhere in their works there are prescriptions for technocrats regarding feedbacks by the people. Without those feedbacks, without knowing what people think about technocrats’ projects, they automatically lack capability to detect their own errors, thus adjusting an intervention aim. They also claim that the problem with libertarian paternalism is that it treats people as consumers rather than citizens. It either fails to tell people why choices are set up in particular ways or actively seeks to conceal the rationale.

When, for example, Obama's administration temporarily cut taxes to stimulate the economy, it did so semi-surreptitiously to encourage people to spend rather than save.[227] Like Gigerenzer, they suggest that people should be given information, not nudges, that let them understand their own real interests and give them the instruments to protect those interests and to participate to the democratic process. They rely on studies that show how common people can discern and understand complicated policy questions when they are well informed.

[225] Ibidem
[226] Ibidem
[227] Ibidem

The authors concern here is that nudges can give politicians the illusion that people's voice can be ignored, passing behind them with subtle strategies of manipulation rather than having a dialogue with them. Furthermore, they refer to scientific studies in many different fields, from evolutionary theory to network and group theory, that show how groups of people with different backgrounds and world-understanding are usually more capable to solve difficult problems than a group of people with narrowly focused expertise.

"All this suggests democratic arrangements, which foster diversity, are better at solving problems than technocratic ones. Libertarian paternalism is seductive because democratic politics is a cumbersome and messy business. Even so, democracy is far better than even the best-intentioned technocracy at discovering people's real interests and how to advance them. It is also, obviously, better at defending those interests when bureaucrats do not mean well. While democratic institutions need reform to build in dialogue between citizens and experts, they should not be bypassed. By cutting dialogue and diversity for concealed and unaccountable decision-making, "nudge" politics attacks democracy's core. We should not give in to temptation—and save our benevolent meddling for family reunions."[228]

Karen Yeung, professor of law, director for the Centre of Law, Ethics and Technology in Society (TELOS), at the King's College London, wrote a paper with the title "Nudge as Fudge"[229] in which she says that 'It is not difficult to see why policy makers have been easily seduced by the logic underpinning nudge techniques, which appear to provide simple and effective ways to shape individual behaviour.

But even if we assume that nudges are effective in altering individuals' short-term preferences, whether these behavioural changes prove enduring is far from certain. Several commentators have warned that the short-term success of nudging might be consistent with long term failure. One reason why nudging

[228] Ibidem

[229] Yeung K. (2011), *Nudge as Fudge,* The Modern Law Review, Blackwell Publishing, Oxford, UK. Available at http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2230.2012.00893.x/abstract

techniques might ultimately produce counter-productive effects arises from the danger of infantilizing.

As Klick and Mitchell point out, the deliberate shaping of choices in the policy-makers' preferred direction might reduce opportunities through which individuals learn and develop competence to identify which options are most likely to produce desirable outcomes and to compile, rank and select the most favourable option.[230]

Another important point raised by Yeung is that there is no conclusive evidence that results about people's behaviour derived from controlled laboratory experiments are capable of describing (and predicting) human behaviour in the real world. "Acceptance of these limitations implies that the most valuable contribution of these experimental studies lies in providing an incremental, highly contextual approach to developing new legal and policy initiatives intended to alter people's behaviour, experimenting with small interventions whose outcomes can be examined in order to identify whether they might be applied to other similar situations."[231]

Yeung claims that this is the real contribution Nudge could give to the community: designing a range of small-scale interventions aimed at collecting data to enrich the evidence base for the policy system. The problem with Nudge, says the author, is that despite their ambitious agenda, they describe their libertarian paternalism as a means for pursuing legal and social policy goals. But it provides no meaningful guidance on the ends which the state can legitimately pursue, beyond trite claims that nudges can help people make 'better' decisions.

To use a rather prosaic example, it seems eminently sensible that local authorities adopt nudge proposals to improve the cleanliness and hygiene of public conveniences, by installing fly etching in urinals for example. But this tells us nothing about whether the state and other governmental authorities should be considered responsible for providing such facilities in the first place.

As Schlag puts it, 'if you're going to have a cafeteria, then you might as well have a well-administered one. Nudge helps. Considerably. But does politics

[230] Ibidem p. 145
[231] Ibidem p. 147

come down to cafeteria?"'[232] Thaler and Sunstein's claim that Nudge is a politically 'neutral' regulatory philosophy is difficult to sustain, because policy-making never is. There is always some sort of framing in dealing with political matters.

While saying that Thaler and Sunstein's work has the merit of raising many difficult but important questions about how and why politics should interfere with individuals' choice, Yeung thinks that the Nudge approach is incapable of reaching long-term results, while raising many questions about its moral legitimacy.

Others claim that 'rather than embracing the nudge notion because alternatives are too costly, policy makers need to understand the different ways in which social influence is exerted and select the social influence tactic that in a particular social context leads to the most ethical, effective and lasting behavioural change.

In some contexts that can mean that nudging is appropriate and sufficient, but in many other ones it may mean that other social influence processes are better suited to bring about the desired behavioural change. In particular, some argues that heavy reliance on nudging may be limiting and may lead to the neglect of other social influence tactics that policy makers can deploy that may lead to more effective, ethical and lasting behavioural change.'[233]

The "revolution" promised by the fathers of the Nudge approach may not have come true as expected, but much water has passed under the bridge since their famous book containing the idea was published. This theory has been taken seriously by scientists, philosophers, politicians and entrepreneurs, it has been applied (a rare case) under the eye of those who have proposed it, and we can say that it has been developed, in its interventions, exactly how it was theorized in the books. It is not a panacea for all the evils of society, but Thaler and Sunstein's work has stimulated a rich debate, both on the academy and in the public, about freedom, justice, happiness, and many other fundamental topics.

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[232] Ibidem p. 147

[233] Mols F. et al. (2014) *Why a Nudge is not enough: A social identity critique of governance by stealth*, European Journal of Political Research, Volume 54, Issue 1, Available at http://onlinelibrary.wiley.com/doi/10.1111/1475-6765.12073/full

CONCLUSIONS

Nudges incorporated within the environment of choice making, might help individuals to find and choose better alternatives. The nudge strategy has been designed to influence individuals' behaviour through intuitive and impulsive processes of the automatic system without a change of the people's knowledge, attitudes or values.

It seems almost self-evident that an approach which recognizes non-economic as well as economic motivations for behaviour must be able to give better insights into how change works.

In a relatively small number of years the behaviorism has been applied to the policy making. The application has brought to the building and the employment of a framework able to structure the indications of the behavioral economy. In other words, the intense research and scientific activity has led to concrete decisional processes. As a result, the policy interventions can be more successful, as well as, less intrusive.

Nudge approaches are advocated as a cheap and uncontroversial alternative to more challenging public initiatives. However, individual choices are strongly influenced by other people's behaviour and values. Normative relationships, trust and shared values between individuals and within social groups contribute to the success of behaviour change initiatives. Grass-roots driven approaches have been shown to be crucial in other fields, like for example energy and public health.

Furthermore, there is the possibility of using it for other issues. The main types of intervention considered are the following: legislation and enforcement to change the behaviour; economic, focusing on prices and financial incentives and also on the effects on the process behaviour; persuasion, considered rather broadly to include education, advertising campaigns, social marketing, and provision of information; and holistic or integrated seeking to combine all these instruments.

Essentially, it is possible to have good result with low costs. For this reason, the nudge approach, proposed by Sunstein e Thaler, is strictly linked to several political choices as for instance the Cameron one, the recommendations of OCSE, the actions to protect the environment, the improvement of public wellness and health and, finally, the solutions, experienced all over the world to have less costs and major benefits, to fight against the poverty.

The nudge approach and the behavioral economy are rooted in a multidisciplinary field. Indeed, both have considered the behavioral and cognitive psychology without forgetting the organizational connotation and characteristics.

Moreover, the literature and academic background contest enumerates the intuitions of three Nobel prices: Herbert Simon (1978), Daniel Kahneman (2002) and finally Richard Thaler (2017).

The nudge approach represents an important innovation: it is a decisional instrumentation results in a concrete governmental activity.

Thus, it is an approach, that has been adopted by managers and public administrators, inspired by behavioural economy and cognitive phycology to rethink the decisional process taking into account the human factor. In other words, the public administrations and governments to interact with the citizens can use the nudging. In that sense, several initiatives and organizational model have been launched.

A nudge is a stimulus that guides more or less peculiar choices. It represents a new approach, used by the public sphere. It is a stimulus (more or less unintentional) and an encouragement to make decisions. This gentle push has as philosophical basis on the libertarian paternalism that has its roots on the process of making people responsible. Thus, it does not impose the better choices, but its main aim is to create a more comfortable, functional and easier chosen environment.

Behaviour change occurs both because of policy interventions deliberately intended to bring it about, and as an inevitable consequence of interventions with other objectives. It should be a dynamic process that takes place over time, in the wave of changes in personal or family circumstances, recognizing the importance of habit, churn, context, unintended effects, and substantial variation between individual circumstances and responses.

The most powerful example, in the European scenario, is the Unite Kingdom. During the Cameron ‘s government, the nudge approach has been adopted. Other states, especially the ones in the North Europe, used this technique. In this manner, after the pioneer example, other countries start to add the nudge to the traditional administration system.

In spite of the success of the nudge approach, there is wide evidence of diversity and heterogeneity in people responses to behavioural change. It is not common that governments and public administrations used the behavioural science to draw the regulatory activities and policies. For that reason, this is the first time that psychology is used to formulate norms, with a law-making function or as instrument to build an accepted choice by citizens.

Since the recent years, different country cases emerged that have behavioral insight units to analyse, behind the behavioral theory, and evaluate policies' proposal and corrective laws. The main fields of action are: healthcare, education, credit, savings, energy savings. For instance, Australia, Germany, Netherlands and Denmark, present their own peculiarities which were crucial to reach a better overview regarding the widespread of this alternative and innovative method. Further in Italy is being considered the possible creation of a behavioral insights unit. Certainly, the ideal collocation will be the Prime Minister' Office.

By analyzing that countries' experiences, it is possible to understand, the role and the positioning of the behavioral insights units in the government asset. However, without doubts the UK has been more sharped especially in changing the public intervention. In addition, important international organizations, as the World Bank, dedicate their activities in this field.

Nudging it is not a coercive regulation, it preserves the freedom of choice, it is based on the automatic and reflective answers, it does not adopt methods of direct persuasion. In this scenario, the architecture of choices is the background system of the nudging approach. Thus, governments have become the main actor in the choice architecture, specially to simplify and improve the implementation of public policies and to make them more effective thanks to the direct collaboration with citizens. However, even if the architecture is a wreck, it will be possible to make it more transparent ad functional to our wellness.

Finally, the main goals of the thesis are the understanding of the effective contributions, given by the adoption of the nudge approach, and the creation of the behavioural insights units, especially in Europe. This should help the administrations, both at the national and at the local level, in the choice of specific policies as well as during the policy cycle. For example, in Italy, the techniques of nudge have been adopted both at the local and regional stage; indeed, thanks to this approach, the evaluation of policies' effects and the adjustment of incorrect citizens' behaviours are simpler.

Without any doubt, it is necessary that this approach is institutionalized to obtain a visible improvement of the public policies. The public sphere should be more pragmatic, especially dealing with costs and benefits. In other terms, the aims of the nudging should be to make the citizen closer to the public proposals and to the elaboration of norms. This happened because sometimes norms with specific objectives can produce opposed results that occurs due to the bad application or misunderstand of their complexity.

The growth and the progressive application of the behavioral economics and nudge approach, on one hand, and the birth and the proliferation of the behavioral insights units, on the other hand, bring out several questions.
For example, focusing on the role, should the behavioral insight units have of steering stronger powers? Do the behavioral insight units have more autonomy? Or shall they only have a consultancy role?

Giving an answer to the first question, the behavioral insight units have the task of influencing the social behaviors with instruments of the cognitive science. The main aim of the teams is to develop welfare policies. Without any doubt, a reinforcement will be decisive. Indeed, a stabilization based, on one side, on empirical tests, and on the other based on the smart influence would bring to significate changes of social behaviors.

Find an answer to the second question is quite complex due to the fact that opinions will be disharmonious. For some it is not possible to give to the behavioral insights units major or absolute autonomy. Thus, from that point of view their role in exclusively consultative.

Instead, give more freedom and autonomy could be the solution and the fundamental prerequisite both for a wider application of the approach, with the involvement of other areas, and to obtain broad results. In this case, the autonomy assumed is not absolute. Indeed, it shall be exercised, in the field of cooperation and sustainability, taking in to account the consultancy role towards the governmental institutions and the democratic process to design the final decisions.

In conclusion, the chosen of that field of research is symptomatic, on one hand, of a pronounced civic duty and, on the other hand, of a deeper propensity that practically correspond to the necessity of understand, generally, how the policy cycle can be improved, also thanks to the adoption of certain approaches and procedures, and, specifically, how the public administrations can be reformed to be more efficient, costless and responding to the needs of the public.

Interview with Emanuele Ciriolo

Foresight, Behavioral Insights and Design for Policy, European Commission

1. Which is the role of the Nudge approach in the European commission?

The EC prefers referring and using “behavioral insights” rather than Nudges. The reasons are well explained at page 10 of “Behavioral Insights Applied to Policy” (2016). Also, the EC rarely deals directly with citizens - as national, regional and local administrations do – and does not have the chance to apply *nudges* in this respect. On the opposite, European legislation may incorporate nudging elements. Art. 22 of the Consumer Rights Directive (2014) is such a case.

2. Which is your perception about the work done by the Behavioural Insights Units, in the countries where they exist, or in the public administrations of European countries?

I think that it is path breaking work, that contributes to innovate public policy. Preliminary evidence is positive. Besides the UK, though, there is still little being done, concretely. Also, this could help bridging the gap between policymakers and researchers.

3. Which are, in your opinion, the four characteristics fundamental to consider a policy an application of behavioural economics?

We prefer to refer to behavioural sciences rather than just to behavioral economics.

A policy is a behavioral application if:

a) It is designed on a deep understanding of the involved actors' behavioral drivers;
b) If it explores ways in which the behavioral perspective informs traditional approaches (regulation, information, incentives);
c) If the selected behavioral levers (solutions) to be activated tackle the identified behavioral drivers of point a). E.g., if people show inertia, opt-out may be an effective solution;
d) If some form of explicit evaluation (even better randomized controlled trials (RCTS)) is foreseen.

4. Which are, in your opinion, the minimum requisites necessary (of fundamental importance) so that a Nudge policy can be successful?

The UK BIT EAST (Easy, Attractive, Simple and Timely) is a good start. Point a) above is essential, too. Success should be explicitly measured in terms of effectiveness. We have clues about how people could react but only careful evaluation could tell. RCTs are the gold standard for measuring the net impact.

5. Which are, in your opinion, the obstacles of behavioral economics, in spite of its success?

Behavioral sciences are there to remain. I doubt one could ever dismiss their contribution to understanding behavior. Instead as to the obstacles to incorporate them into policymaking, one would need to prove (in concrete cases) that the cost of applying them is lower than the value added generated.

6. Since 2008, the European Commission has brought this approach into legislation and regulatory interventions, using the nudge approach philosophy in several cases: consumer policies, health policies, environmental policies and taxation. Why the nudge approach has been used in these fields?

I wouldn't talk about a Nudge approach only (see above). Behavioural Insights were incorporated in policymaking because it became clear that for the effective of specific policies (say, a new labelling, for example) depended on our understanding of how people would have reacted to it.

7. In which fields, previously cited, is the nudge approach is more developed?

Consumer policy, financial regulation, health policy and energy policy.

8. In one of your paper, you defined the 2011 as the challenging year, what has been changed since that moment to today?

Today there is more awareness of the potential contribution of behavioral insights. The Nobel prize to Thaler helps boost the role of behavioral insights in policymaking circles, too.

9. Taking into account the different countries experiences in EU which one will have or seem to have a major development in the future?

The whole work on mydata will be revolutionary. Have a look at how La Poste, in France, is positioning itself as a key actor in e-health: http://www.lepoint.fr/sante/la-poste-lance-une-application-d-e-sante-08-01-2018-2184737_40.php.

10. More in general, which will be the future of behavioral economics?

In other words, in your opinion, is there the possibility of a development in other fields or of the adoption by other countries?

Yes, we are at the beginning of the journey. Much more can be done, at all levels of administration.

11. Italy, in your opinion, is ready for the creation of a behavioral insight units, taking into account the debate about the its creation?

Yes, as never before. There is political awareness, competencies, and the right momentum.

12. In your opinion, is it possible to create a regimentation for the use of the nudge approach?

It's too early to think about "regimentation" (you should try and pay attention about the English formulation of your questions and the use of such words: perhaps try and explain your ideas in other words). Bringing such an approach to cruise speed will also require political will and competences. In time we will get there.

13. How do you consider the experience implemented in the World Bank? Is it successful in your opinion?

It's a positive experience. They certainly published an excellent report and there are serious about applying behavioral insights in economic development projects.

As the European Commission says, in its website, "*Emanuele Ciriolo joined the European Commission as a behavioral economist in 2007. Since then he has investigated the possibility of applying behavioral insights in policy making, as a complement to other traditional approaches. His influence has resulted in several Commission services (Directorate Generals for Health, Justice and Consumers, Financial Services, Communication Networks Environment, Competition, Energy, Climate Change) to use behavioral insights and evidence in concrete policy initiatives. He moved to the Joint Research Centre in February 2015 and he is currently engaged in furthering the use of behavioral insights in policymaking, engaging directly with the main actors, both at European and national level.*"

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Summary

The inspiration of this thesis was born from the interest of investigating on a new approach able to view the role of the public administration as well as of the single citizen from a different perspective. After decades of several economic and institutional reforms in many countries, there are not huge changes.

In line with this, both the academic and the political sphere begin to consider the impact of the implementation process and of the individual engagement. In other words, this brings to take into account not only the reforms, but the overall context composed by the specific public administrations, the economic and legal actors and the regulation institutions. Today, it is increasingly crucial to highlight the factors that drive the choices, analyze the macroscopic effect and measure the results.

The administration has a huge responsibility toward the civic society and the political class. In fact, their main task is to formulate policies compliant with the citizenship needs but, at the same time, respectful of the economic criteria and aware of the human well-being growth.

The nudge theory fits this interest. It represents an important innovation: it is a decisional instrumentation results in a concrete governmental activity. The nudge approach and the behavioral economy are rooted in a multidisciplinary field. Indeed, both have considered the behavioral and cognitive psychology without forgetting the organizational connotation and characteristics. Furthermore, the scholars' background contest enumerates the intuitions of three Nobel prices: Herbert Simon (1978), Daniel Kahneman (2002) and finally Richard Thaler (2017).

Moreover, the theory can be considered as a bond of law and administrative principles, the behavioral theory and the cognitive phycology. It has been used by several governments, both in European and in other countries such as the USA or Australia, due to the adoption of a new approach completely different from reforms. Instead of the positive results obtained, the adoption of the nudge theory generates a debate focused on its efficacy and its regulatory

problems solving capacity.

Richard H. Thaler and Cass R. Sunstein have the fatherhood of this theory and they are the authors of the book titled “Nudge. Improving decision about health, wealth and happiness.” In that book, they give both concrete examples of public policies and definitions. Indeed, the first definition is linked to the distinction between humans and “econi”: be a human means be a homo sapiens but at the same time does not mean be a homo oeconomicus.

On the other hand, “econi” are rational and their choice is infallible. Instead of that people are conscious of their fallibility; thus, the intervention of the public and private institutions is necessary to help and guide citizens and, therefore, limit damages. The direct consequence of this dynamic is the people' propensity of being poked; in other words, citizens are susceptible of being nudged. That result is not considered by the traditional economic paradigm, grounded on the economic incentives as instrument to modify the conduct of individuals.

The architect of choices is the manager and coordinator of the decisional contest. In the policies' interventions is fundamental to point out flexible instruments. For that reason, the cognitive sciences can be useful to determine the improvement of regulation and to identify residual rules, adequate to the defined necessities, taking into account the subjects' contest that could lead to cognitive errors.

For each decision or choice, it is formulated a specific path that is the key of its success; indeed, an accurate default option, based on a specific evaluated architecture system, involves significant effects and tangible results. Some examples: the stimulus for savings, the improvement of population' state of health or the reduction of the death rate for road accidents. Finally, in each case, it is necessary the formulation of rules that establishes the consequences of the non-action (of the individual) possibility.

Moreover, when the situation is complex, and decisions became more difficult and demanding, individuals need a help, thus they have to be nudged. In this scenario, it is necessary to take into account social influence; as a matter of the fact, the architect has to encourage social behaviours profitable or discourage the opposite. Indeed, individuals learn thought the emulation and the social influences act over the information and pressures done by the peer group. Thus, especially in the case of negative behaviours it is useful introduced gentle nudge that will positively influence citizens.

The architect of choices is immersed in the context of the libertarian paternalism. The theory of Thaler e Sunstein is based on the definition of libertarian paternalists: they support the decisions of people that have the freedom of choice. More specifically, their goal is the formulation of political measures to guarantee, safeguard and improve the freedom of choice, by nudging. Therefore, what does mean nudge? The definition, given by their book, states: *"Nudge is any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives[234]"*.

Hence, the concept is a relatively subtle policy shift that encourages people to make decisions that are in their broad self-interest. It is not about penalising people if they don't act in certain way. It is about making it easier for them to make a certain decision. Richard Thaler and Cass Sunstein said, in their book, *"By knowing how people think, we can make it easier for them to choose what is best for them, their families and society[235]"*. Thus, to sum up, focusing on the application and implementation of the behavioural sciences on the regulatory activities, it is possible to make a distinction between that one (namely the regulatory activities) and the libertarian paternalism of the nudge. Several are the specific characteristics of this architecture of choices.

Firstly, the rational model used by the Nudgers to intervene on the citizens' choices. Indeed, the nudge theory is focused on a specific concept of rationality: it is a rationality that deals with the biological adaptation both of the choice context and of the problem solving.

Secondly, it takes into account the procedural aspects of the rationality

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[234] Thaler R. H., Sunstein C.R. (2008) *Nudge. Improving decisions about health, wealth, and happiness*, New Haven: Yale University Press, p. 6

[235] Thaler R. H., Sunstein C.R. (2008) *Nudge. Improving decisions about health, wealth, and happiness*, New Haven: Yale University Press, p. 7

rather than the instrumental ones and recognize the complexity of the real environment that force the actor to make choices in an uncertain context (like the financial markets or the political forecasts).

Thirdly, its main goal is to produce benefits for the community, respecting the principles of impartiality and of good performance.

Fourthly, it has a complementary nature: this entails that the nudge techniques have to coexist with the other forms of public interventions. Fifthly, the nudge approach demands governments by using simple and comprehensible style; sixthly, it forests the creation of public policies contextualizing them in the real world.

Seventhly, it allows the previous analysis of ideas on the shorter range before the implementation towards the entire population.

Finally, as Cassese highlight the positive aspect is that: "*The nudge teaches something really important: paying attention to the managed. As happened for consumers in the private sector, also, in the public sector the recipients of the public actions have obtained centrality*[236]*"*.

Instead, tring to point out which are the adopters, the thesis deals with different experiences, presenting both several countries-cases, as well as, an important international actor. The path starts with the analysis of the pioneer European state (the UK), passing across the world to Australia, turning to the European Union (Germany, the Netherlands, Denmark and Italy) and it ends with the World Bank example.

The United Kingdom and the United State of America have been the first adopters, also by establishing the "Nudge Unit", among their governments. The units analyse and develop nudging and pokes, towards citizens, to improve the administrative methods. In UK, since 2008, members of the Conservative Party had been in contact with Richard Thaler and showed interest in the ideas and concepts of the nudge approach after the pioneer book written with Sunstein. In May 2010, the new coalition government led by David Cameron was established in the United Kingdom. Soon after the coalition was set in Parliament, Thaler

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[236] E. Cavalieri, "*Cassese e la legittimità della spinta gentile*", Osservatorio AIR: http://www.osservatorioair.it/cassese-e-la-legittimita-della-spinta-gentile/

was contacted again and proposed to help in creating an organism for the application of behavioral sciences.

Another protagonist of the Anglo-Saxon case is David Halpern that was selected to run the operation and assembled a team named Behavioral Insights Team (BIT), often referred to as 'Nudge Unit', an organism part of the Cabinet Office. The local communities and the single public institution have been considered as the main actors and the principle addressees of policies that are able to influence behaviors. BIT has dealt with most policy areas. Today thanks to the hard work done since the its creation, in the UK, almost every major government department has a behavioral insights function of its own. In this period, hundreds of trials and experimentations took place and a huge amount of papers were produced.

Basically, the success of BIT is that, by exploiting the principles of the behavioral science, encourages people by adopting better and more convenient choices. As a matter of the fact, British's government became a real headquarter for the spread of behavioral studies across the world, many countries have followed the British example. Outside the European borders, the case of Australia is really interesting.

In 2015, the Australian Government's central nudge unit was created: The Behavioral Economics Team of the Australian Government (BETA). The impact of the NSW team's work was recognized internationally with the Global Practitioners Award at Behavioral Exchange 2015. The experience of the Behavioral Insights Team had been pivotal to the subsequent implementation of a "nudge unit" in Australia. The team in New South Wales was deeply influenced by the work done in the previous years by BIT, it was guided since its foundation by members of the original team and kept constant contacts and exchanges.

The proof of this is that BIT's yearly reports always include a section dedicated to its Australian little brothers and that David Halpern's travels to and consultations with BIU and Australian institutions has never stopped and led to new ideas and activities, like the Behavioral Exchange of 2014 we talked about, that has been repeated through the years in different cities of various countries. The methods of research and intervention are the core foundation and the trademark of behavioral insights applied to policy-making: the use of RCTs to determine if a policy works, the low-cost/high-impact interventions, the production of reports, studies, essays, statistics and researches, the attention focused on minor and marginal problems that can be "nudged" towards desired results instead of holistic, comprehensive analyses and regulations that go in depth and tackle the roots of social inequality and injustice.

The focus, after these two cases, is on the European Union countries. More specifically, three States, that introduced behavioral science in policy making, have been analyzed: Germany, Netherlands and Denmark. Their governments have been some of the first ones to show interest in the nudge approach. More in detail, Germany was the third country in Europe in which the central government develops behavioral insights units, both in research and policy making, that are embedded within the government.

The unit was created in 2015 by the coalition guided by chancellor Angela Merkel. They work as a service unit for the Federal Ministries and the members of the team have different specializations: behavioral and empirical social sciences, RCT design, law. Therefore, the team enjoys a privileged position within the government, that fully supports the activities of the team. Instead of that, behavioral insights units have made its initiatives thorough skepticism and a number of institutions, public and private alike, apply them regularly. Few are the examples of implementation of behavioral insights to policy in in Germany: contract terms, employment fields, decisions for medical interventions.

Instead, the Netherlands has introduced the use of behavioral insights in policy making, deep into its institutions. It was the second European country that created a behavioral insights team but, unlike the British case, they do not have a centralized behavioral group. There, instead, several Ministries implemented their own behavioral insights team. All of them have been coordinated by the Dutch Ministry of Economic Affairs, which acts as common secretariat, that links them all. The first Ministry to develop a team was the Ministry of Infrastructure and Environment, in 2012. From that moment, several Ministries have emulated the vanguard one.

In 2014, was announced that each Ministry would have conducted experiments to test the effectiveness of implementing behavioral insights to inform policymaking regarding their specific area of influence in governmental matters. As a consequence, the ministries are responsible for managing their own teams, and they usually have in-house experts of the matter that train and participate in studies. The network hereby established counted 11 ministries and promoted exchange of knowledge and experience among them.

The nudge approach tools used by the Ministries varied from occasion to occasion, some used RCTs a few times, like the Dutch Ministry of Economic Affairs, others relied on lab experiments or field experiments. Policy areas that have been interested by behavioral insights go from consumer protection to finance, justice, food, health, taxation, energy, transportation, environment and employment. This un-centralized use of behavioral insights means that in the Netherlands they enjoy political consensus and widespread acceptance, but also that efforts and resources spent in them may vary from ministry to ministry.

In conclusion, in the Netherlands, there are been a constantly increasing interest, use and spread of behavioral insights in public policy. Indeed, several advisory bodies to the government has written different reports to inform them about how implementing behavioral insights could produce effective and economic ways to improve policymaking.

The Danish case is the third one. Denmark has no behavioral team, but the country has developed an increasing interest in behavioral insights. Indeed, several Danish institutions, have created their own behavioral units. An example: the Danish Business Authority has established its own unit of specialists, with the task of applying behavioral insights, for several initiatives. Moreover, a cross-governmental innovation unit was created in 2002, it represented one of the first public sector innovation labs in the world.

It is a part of three ministries and one municipality: The Ministry of Industry, Business and Financial Affairs, the Ministry of Employment, the Ministry of Education and Odense Municipality. The results of this interaction are found to solve problems related to entrepreneurship, digitalization of industry, education and employment. Therefore, and following the successful operation of the London Behavioral Economics Network, the Copenhagen Behavioral Economics Network has set to increase the circulation of knowledge and collaboration in studies on this matter. Besides, a great number of institutions, public and private, are involved with the use of behavioral insights.

In other words, many aspects of policy-making are progressively influenced by the nudge approach. Finally, the partnership and collaborations, between the National Administration and researchers, have produced works of excellence, like the one that has been done on the study of retirement savings account or the intervention proposal that addressed small consumer loans and aimed at preventing over-indebtedness. Thanks to the analysis of the previous cases, it is possible to make a comparison among the different experiences done by the administrations of that countries and, also, analyze the variegated results obtained by the adopters of the nudge approach.

After the explanation of the northern and central Europe example, a southern European is analyzed. Indeed, taking into account the international spread of the behavioral theory the case of Italy is unique. Compared to the Anglophone countries: there is not a central level coordination for behavioral insights, the reform process was very slow, that country tends to imitate the foreigner experiences by learning from them. Moreover, the Italian case is interesting because it has a difficult normative situation, due to the various governments rotation and to the decrease of the legislative quality. These led to a chaotic scenario that complicates and slows dawn the public administration.

The main purpose is better understand the Italian case; for this reason the analyses is divided into two parts. Firstly, are retraced the main elements of its recent development; secondly, are presented the details of policies using behavioral insights. The nineteens represent the turning point, after a long period of stasis, of the regulatory process and of the public administration. Tough only in 2006, the political debate started to be focused on the regulation quality. Indeed, the Italian government had an Inter-Ministerial Committee that plans specific actions for the policy simplification and the regulation quality: that implies some interesting changes.

This process has been accelerated, over the time, by the Law 4th March 2009 n.15 and the Madia Law (2015). The main aim was to simplify the State and to improve its competitiveness and to focus on the citizen' role, as an active collaborator, to reach the simplification of the public system. In other words, there is been a growing interest, among the political class politicians, on the role of citizens and on the relations with them. This new perspective requires the use of innovative technological process and adequate resources.

As a matter of the fact, the entire administrative processes have been reviewed from a digital side in order to increase the information access to the overall population. In this wave of innovation and to promote an effective dialogue between the public sphere and citizens part, the Agenda for Simplification 2015-2017 deals with the Behavioral insights. The Agenda tackles five main sectors: digital citizenship, welfare, health, companies and construction industry. Another interesting initiative is the so-called "Improving Usability of Public Administration Websites" managed by AgID.

Furthermore, Italy relies on public institutions as well as private ones. In addition, the Italian example presents a triple level of implementation (national, regional and local). The most important experiences have been at the local and at regional level. Instead, regarding the three leading public bodies, there are: CONSOB, AEEGSI and AgID. They share the main objectives, but they work independently and it is symptomatic of an absent and unclear central coordination, aside from the guidelines in the Agenda for Simplification. To conclude, in the last years the awareness of the behavioral methodology potentiality has been grown.

In fact, Italy is changing and has an increasing attention to the cognitive and behavioral science: a Committee of expert in behavioral science in the Premiership was created, the nudging approach spreads among the public administration employees and the best practices are shared with advanced countries as well as with the European Commission.

In addition, by analyzing several countries' experiences, it is possible to understand, the role and the positioning of the behavioral insights units in the government asset. The growth and the progressive application of the behavioral economics and of the nudge approach, on one hand, and the birth and the proliferation of the behavioral insights units, on the other hand, bring out several questions. For example, should the behavioral insight units have of steering stronger powers? Do the behavioral insight units have more autonomy? Or shall they only have a consultancy role? Without doubts the UK has been more sharped especially in changing the public intervention. The answers will be given in the composition.

Last but not the least, the thesis present an explanation of the World Bank experience. Its interest towards the behavioral started in December 2014, when the World Bank released a ground-breaking report titled "Mind, Society and Behavior". In this report, the World Bank acknowledged the main thesis of behavioral science that humans tend to act in ways that are often not self-beneficial and sustained by economic rationale, but rather motivated by influence of social context, culture, personal inclinations, information and psychology.

The growing interest for that subjects led to the creation of the Global Insights Initiative (GINI) in 2015 and then to the foundation of the official World Bank's behavioral sciences team: The Mind, Behavior and Development unit (eMBeD). The team works closely with project teams, governments, and other partners to diagnose, design, and evaluate behaviorally informed interventions. Working with an international network of scientists and practitioners, the eMBeD team investigates on important economic and social issues and provides a contribution in decreasing poverty and increasing equity.

The team has launched more than eighty behaviorally informed projects across fifty countries in policy areas that range from Education to Health, Employment, Taxation. The briefly analysis of the World Bank case ends the discussion about the actual spread of behavioral science and the nudge approach in policy-making. It is clear how fast and wide governments and private institutions have adopted the method Thaler and Sunstein described in their famous book.

Both authors have been involved by governments to build units and experts that could apply their theories and a massive amount of new surveys, experiments, data and insights have emerged from these efforts worldwide. The nudge approach applied to the policy cycle and to the public administration can be considered a turning point. Instead of that it is necessary to give the voice to critics and observations. In fact, the Thaler and Sunstein's work has stimulated a rich debate, both on the academy and in the public, about freedom, justice, happiness, and many other fundamental topics.

Moreover, the debate generates, also, many questions about the moral legitimacy of the theory. The first observation embraces the nudge notion and its appropriateness. In some contexts, can nudging is appropriate and sufficient, but in many other ones it may mean that other social influence processes are better suited to bring about the desired behavioral change. In particular, some scholars argue that heavy reliance on nudging may be limiting and may lead to the neglect of other social influence tactics that policy makers can deploy that may lead to more effective, ethical and lasting behavioral change.

The second observation is linked to the "positon" of the theory. Its advocates claim that Nudge is a politically 'neutral' regulatory philosophy. However, that position is difficult to sustain, because policy-making never is. There is always some sort of framing in dealing with political matters. The third observation is related to the revolution promised by the fathers of the Nudge approach. Thar revolution, in the opinion of several scholars, does not come true as expected. The forth observation is related to the effective adopters of the behavioral science.

Sure enough, it seems eminently sensible that local authorities adopt nudge proposals to improve the cleanliness and hygiene of public conveniences. However, it is not symptomatic of the real interest of the governmental authorities. In other words, can be considered the public institutions effectively responsible for the provisions such facilities? The fifth observation, formulated by Yeung, states that the Nudge approach is incapable of reaching long-term results.

Coming to conclusions, the main goals of the thesis are the understanding of the effective contributions, given by the adoption of the nudge approach, and of the creation of the behavioral insight units, especially in Europe. This should help the administrations, both at the national and at the local level, in the choice of specific policies as well as during the policy cycle.

Indeed, the public sphere on one hand, should be more pragmatic, especially dealing with costs and benefits, on the other hand, the distance between the institutions and the population should be shorter. In other terms, the aims of the nudging should be to make the citizen closer to the public proposals and to the elaboration of norms. This happened because sometimes norms with specific objectives can produce opposed results that occurs due to the bad application or misunderstand of their complexity. In any case, it is necessary that this approach is institutionalized to obtain a visible improvement of the public policies.

The thesis ends with some critics as well as to observations to have a better overview of this revolutionary approach. Finally, the chosen of that field of research is symptomatic, on one side, of a pronounced civic duty and, on the other side, of a deeper propensity that practically correspond to the necessity of understand, generally, how the policy cycle can be improved, also thanks to the adoption of certain approaches and procedures, and, specifically, how the public administrations can be reformed to be more efficient, costless and in line with citizens' needs.

To sum up, the thesis has three chapters. Chapter 1 deals with the nudge approach in the context of public policies formulation and implementation. It presents a detailed analysis of the relevant literature on this theory in order to have an overview of the definitions and characteristics of nudging.

Chapter 2 deals with the Behavioural insights Units development, since the birth to the present role in the public administration. The chapter aims to census the European initiatives in this field and focuses on its creation. In fact, the European Union has considered the "behavioral insights" as a pivotal input to policy-making.

Chapter 3 enters into some further details. It begins with the pioneer example of the UK, where almost every major government department has a behavioral insights function of its own. In addition, the British government becomes a real headquarter for the spread of behavioral studies across the world. This chapter continues with important cases outside and inside the European Union.

On one side, it analyses the Australian example which is the closer clone of the British one. On the other side, it presents the situation of those governments that have been some of the first ones to show interest in the nudge approach, specifically: Germany, Netherlands and Denmark. The Italian case has been the last case considered.

Finally, the thesis ends with the interview done to the European Commission officer, Emanuele Ciriolo. As the website of the European Commission says, *"Emanuele Ciriolo joined the European Commission as a behavioral economist in 2007. Since then he has investigated the possibility of applying behavioral insights in policy making, as a complement to other traditional approaches. His influence has resulted in several Commission services (Directorate Generals for Health, Justice and Consumers, Financial Services, Communication Networks Environment, Competition, Energy, Climate Change) to use behavioral insights and evidence in concrete policy initiatives. He moved to the Joint Research Centre in February 2015 and he is currently engaged in furthering the use of behavioral insights in policymaking, engaging directly with the main actors, both at European and national level."*