V

EXTENSIONS AND OBJECTIONS

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A DOZEN NUDGES

We have described a lot of nudges, but we are confident that there are countless others. Here are a dozen more—mininudges, if you will. Readers are warmly encouraged to add to the list by sending them to our Web site: www.Nudges.org.

1. *Give More Tomorrow.* Many people have strong charitable impulses, and we suspect that because of inertia they give far less than they actually want to give. Their Reflective System wants to be charitable, but their Automatic System doesn't get around to it. How many times have you thought that you ought to provide some help but failed to do so because the moment passed and you focused on other things?

A simple nudge would be a Give More Tomorrow program. The basic idea, modeled on Save More Tomorrow, is to ask people whether they would like to give a small amount to their favorite charities starting sometime soon, then commit to increasing their donations every year. (It would probably be impractical to link the increases to pay increases.) If people decided to opt out of Give More Tomorrow, they need only make a quick phone call or send a brief email at any time. We suspect that many people would gladly join such a program.

Anna Breman (2006) has conducted a pilot experiment using this idea in collaboration with a large charity. Donors already making monthly donations were asked to increase their donations either immediately or starting in two months. The latter group increased their donations by 32 percent. We are involved with some additional experiments in collabora-

tion with our own university, and the initial results look promising. If the goal is to increase charitable giving, here's an easy way to do it. In fact it would not be at all surprising if the Give More Tomorrow program produced far more money for those who need it—while also pleasing the well-meaning but absentminded donors who want to give but never get around to it.

2. *The Charity Debit Card and tax deductions.* A related nudge would make it easier for people to deduct their charitable contributions. Keeping track of donations and listing them on a tax return is burdensome for some Humans, who end up donating less than they would if the tax savings were automatic. An obvious solution is the Charity Debit Card—a special debit card that would be issued by banks and accepted only by charities. With the Charity Debit Card, any charitable donations are deducted from your normal account, and your bank sends you a statement at the end of the year with your donations itemized and totaled. You could also use the card to keep a record of when you donate nonmonetary items like furniture or cars, ensuring that your bank would know the value of what you donated and add it to your end-of-year statement. The statement could even be sent straight to the IRS so that the government could automatically process the appropriate deduction for you. By making donations salient, such a card could make charity simpler and more attractive.

3. *The Automatic Tax Return.* Speaking of taxes and automatic processing, no sensible choice architect would design the current income tax system, which is famous for its complexity. Withholding was a major advance that simplified life for everyone. Ordinary people and the Internal Revenue Service would benefit even more if the process could be made more automatic. A simple step, suggested by the economist Austan Goolsbee (2006), is the Automatic Tax Return. Under this approach, anyone who does not itemize deductions and has no income (such as tips) that is not reported to the IRS would receive a tax return that is already filled out. To file, the taxpayer would need only to sign it and mail it (or, even better, go to a secure IRS Web site, sign in and click). (Of course, the taxpayer would be required to make changes if her status changed, or if she started receiving unreported income.)

Goolsbee estimates that this proposal would save taxpayers up to 225 million hours of tax preparation time and more than $2 billion a year in tax

preparation fees. True, many people don't trust the IRS, so here's one way to assure them that our tax collectors are honest: if there's an error, you get the money back, plus a bonus (say, $100).

4. *Stickk.com*. Many people need help in achieving their goals and aspirations. Committing oneself to a specific action is one way to improve the odds of success. Sometimes it is easy to make a commitment, as, for example, by cutting up your credit cards, refusing to stock your kitchen with brownies and cashews, or having your significant other hide the TV remote until those leaves get raked. Other times it is hard. Remember the weight-loss bet we described between two graduate students in Chapter 2? Well, one of them, Dean Karlan, now a Yale economics professor, has teamed up with his Yale colleague Ian Ayres to propose a Web-based business based on the same concept. Ayres and Karlan call the business Stickk.com.[1]

Stickk offers two ways to make commitments: financial and nonfinancial. With financial commitments, an individual puts up money and agrees to accomplish a goal by a certain date. He also specifies how to verify that he has met his goal. For example, he might agree to a weigh-in at a doctor's office or a friend's house; a urine test for nicotine at a clinic; or an honor-system verification. If the person reaches his goal, he gets his money back. If he fails, the money goes to charity. He also has the option to enter into a group financial commitment, in which the group's pooled money is divided among those members of the group who reach their goals. (A tougher, more mischievous, and perhaps even more effective option is to give the money to people the would-be committer hates, such as an opposing political party, or the fan club of the home team's arch-rival—think Yankees and Red Sox.) The nonfinancial commitments include peer pressure (emails to family or friends announcing your successes or failures) and monitoring one's own goal via a group blog.

A committer's goal might be to lose weight, quit smoking, exercise more frequently, improve grades, or the like. There is even a creative section for people with idiosyncratic goals: climb Mount Kilimanjaro while there is still ice at the summit (verification by photograph), travel to Mongolia (verification by passport stamp), learn to juggle seven oranges and a watermelon (verification by video), run a marathon, save more money (less creative, to be sure), use less gas and electricity (not so creative but

admirable), or whatever self-improvement people can conjure up and post on the Web site.

5. *Quit smoking without a patch.* Organizations already exist to help people make commitments and achieve goals. CARES (Committed Action to Reduce and End Smoking) is a savings program offered by the Green Bank of Caraga in Mindanao, Philippines. A would-be nonsmoker opens an account with a minimum balance of one dollar. For six months, she deposits the amount of money she would otherwise spend on cigarettes into the account. (In some cases, a representative of the bank visits every week to collect the deposits.) After six months, the client takes a urine test to confirm that she has not smoked recently. If she passes the test, she gets her money back. If she fails the test, the account is closed and the money is donated to a charity.

The early results from this program have been evaluated by MIT's Poverty Action Lab and look very good. Opening up an account makes those who want to quit 53 percent more likely to achieve their goal.[2] No other antismoking tactic, not even the nicotine patch, appears to have been so successful.

6. *Motorcycle helmets.* Many states ban people from riding motorcycles without helmets. To libertarians, these bans are questionable. They ask: If people want to take risks, shouldn't they be allowed to do so? To date, an intense debate has separated the hardcore paternalists, who emphasize the dangers and support bans, from the fans of laissez-faire, who insist that the government should let people do what they want. The columnist John Tierney (2006) has suggested a nudge-like way that states might promote safety while maintaining freedom. The basic idea is that riders who do not want to use the helmet have to get special licenses. To qualify for the license, a rider would have to take an extra driving course and submit proof of health insurance.*

Tierney's approach imposes some costs on those who want to feel the wind in their hair; an extra driving course and proof of insurance are not

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*One reader of Tierney's column suggested in a letter to the editor that a rider with this special license should also have to display a decal certifying that he has signed up to be an organ donor.

exactly trivial. But requirements of this kind are less intrusive than a ban—and might do a lot of good to boot.

7. *Gambling self-bans.* Gambling raises complex issues, to say the least, and we will not explore in any detail what a libertarian paternalist might do in this area. (Suffice it to say that if we were in charge, we would not give state governments a monopoly on gambling—especially if they choose to specialize in gambles that offer the worst odds for customers, namely state lotteries, which pay off roughly fifty cents on the dollar. Hint: if you want to gamble with decent odds, start a football pool with your friends.) However, it is clear that gambling addicts are among us, and they need real help.

Here's an ingenious solution. Over the past decade, several states, including Illinois, Indiana, and Missouri, have enacted laws enabling gambling addicts to put themselves on a list that bans them from entering casinos or collecting gambling winnings. The underlying thought is that someone who has self-control problems is aware of her shortcomings and wants to put her Reflective System in control of her Automatic System. Sometimes recreational gamblers can do this on their own or with their friends; sometimes private institutions can help them. But addicted gamblers might do best if they have a way to enlist the support of the state. We think that self-bans are a great idea and suggest that research be done to explore ways to use this concept in other domains.

8. *Destiny Health Plan.* Insurance companies don't like paying large medical bills any more than patients do. There is room for some creative efforts on the part of such companies to work with their customers to improve people's health while reducing medical bills for all. Consider here the Destiny Health Plan now offered in four states (Illinois, Wisconsin, Michigan, and Colorado). The plan features a Health Vitality Program explicitly designed to give people an incentive to make healthy choices. A participant is able to earn "Vitality Bucks" if he works out at a health club in a particular week, has a child join a soccer league, or completes a blood-pressure check with normal results. Vitality Bucks can be used to obtain airline tickets, hotel rooms, magazine subscriptions, and electronics. The Destiny Health Plan is a clever effort to combine health insurance with nudges designed to get people to live healthier lives.

9. *Dollar a day.* Teenage pregnancy is a serious problem for many girls, and those who have one child, at (say) eighteen, often become pregnant again within a year or two. Several cities, including Greensboro, North Carolina, have experimented with a "dollar a day" program, by which teenage girls with a baby receive a dollar for each day in which they are not pregnant.[3] Thus far the results have been extremely promising. A dollar a day is a trivial cost to the city, even for a year or two, so the plan's total cost is extremely low, but the small recurring payment is salient enough to encourage teenage mothers to take steps to avoid getting pregnant again. And because taxpayers end up paying a significant amount for many children born to teenagers, the costs appear to be far less than the benefits. Many people are touting "dollar a day" as a model program for helping reduce teenage pregnancies. (Surely there are more such programs to be invented. Consider that a nudge to think of one.)

10. *Filters for air conditioners; the helpful red light.* In hot weather, people depend on air conditioners, and many central air-conditioning systems need their filters changed regularly. If the filter isn't changed, bad things can happen; for example, the system can freeze and break down. Unfortunately, it is not easy to remember when to change the filter, and not surprisingly, many people are left with huge repair bills. The solution is simple: people should be informed via a red light in a relevant and conspicuous place that the filter needs to be changed. Many contemporary cars notify people when the oil needs to be changed, and many new refrigerators have a warning light for their built-in water filters. The same can be done with air conditioners.

11. *No-bite nail polish and Disulfiram.* People who hope to change certain bad habits might want to buy products that make it unpleasant, or painful, to continue to indulge those habits. Through this route, the Reflective System can choose to discipline the Automatic System through products that tell the Automatic System: *Stop!*

Several products now accomplish exactly this task. Those who want to stop biting their nails can buy bitter nail polishes such as Mavala and Orly No Bite. A more extreme version of this concept is Disulfiram (antabuse), which is given to some alcoholics. Disulfiram causes alcohol drinkers to throw up and suffer a hangover as soon as they start to drink. For some

people suffering from chronic alcoholism, Disulfiram has had a strong and positive effect as part of a treatment program.

12. *The Civility Check.* We have saved our favorite proposal for last. The modern world suffers from insufficient civility. Every hour of every day, people send angry emails they soon regret, cursing people they barely know (or even worse, their friends and loved ones). A few of us have learned a simple rule: don't send an angry email in the heat of the moment. File it, and wait a day before you send it. (In fact, the next day you may have calmed down so much that you forget even to look at it. So much the better.) But many people either haven't learned the rule or don't always follow it. Technology could easily help. In fact, we have no doubt that technologically savvy types could design a helpful program by next month.

We propose a Civility Check that can accurately tell whether the email you're about to send is angry and caution you, "WARNING: THIS APPEARS TO BE AN UNCIVIL EMAIL. DO YOU REALLY AND TRULY WANT TO SEND IT?" (Software already exists to detect foul language. What we are proposing is more subtle, because it is easy to send a really awful email message that does not contain any four-letter words.) A stronger version, which people could choose or which might be the default, would say, "WARNING: THIS APPEARS TO BE AN UNCIVIL EMAIL. THIS WILL NOT BE SENT UNLESS YOU ASK TO RESEND IN TWENTY-FOUR HOURS." With the stronger version, you might be able to bypass the delay with some work (by inputting, say, your Social Security number and your grandfather's birth date, or maybe by solving some irritating math problem!).*

The Reflective System can be nicer as well as smarter than the Automatic System. Sometimes it's even smart to be nice. We think that Humans would be better off if they gave a boost to what Abraham Lincoln called "the better angels of our nature."

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*While we are waiting for this program to be invented, we have adopted a self-control device of our own as a substitute. When one of us gets really angry, he drafts the angry email, and sends it to the other one to edit. Of course, this won't work if we get angry with each other, so we are hoping the program gets invented soon.