

# Nudge

## 1 Definitions

Libertarian paternalism: (1) “in general, people should be free to do what they like—and to opt out of undesirable arrangements if they want to do so”; choices should not be “blocked, fenced off, or significantly burdened.” (2) “it is legitimate for choice architects to try to influence people’s behavior in order to make their lives longer, healthier, and better. ... a policy is ‘paternalistic’ if it tries to influence choices in a way that will make choosers better off, *as judged by themselves*.” (p. 5)

Nudge: “any factor that significantly alters the behavior of Humans, even though it would be ignored by Econs” (p. 8).

## 2 Nudges

### 6. Retirement savings

- a. automatic enrollments
- b. save more tomorrow

### 7. Naive investing

- a. asset allocation
- b. company stock, diversification

### 8. Credit

- a. mortgages, require common reporting
- b. student loans: simplify forms, college funds
- c. credit cards: default to full payment, disclose fees

### 9. Retirement/Social Security. Sweden’s privatization: good default, encouraged choice away (bad).

10. Medicare D (drug) bad design (p. 160)
11. Organ donations
  - a. Change defaults
  - b. mandate choice, families
  - c. norms, e.g. Illinois
12. Environment
  - a. cap and trade and taxes: libertarian
  - b. Disclosures (pp. 192–3)
  - c. Feedback; SoCal Edison (p. 194)
  - d. Energy Star
13. School choice
  - a. fact sheet (p. 202)
  - b. graduation requires an application (p. 205)
14. Medical costs: waive right to sue
15. Marriage
  - a. libertarian: make it private
  - b. paternalist: set divorce defaults (p. 225)