



YOUR KINDLE NOTES FOR:

## Nudge: The Final Edition

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### 109 Highlights

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Highlight (Yellow) | Location 434

Carolyn is what we call a choice architect. A choice architect has the responsibility for organizing the context in which people make decisions.

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Highlight (Yellow) | Location 442

A crucial parallel is that there is no such thing as a “neutral” design.

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Highlight (Yellow) | Location 470

The libertarian aspect of our strategies lies in the straightforward insistence that much of the time, and so long as they are not harming others, people should be free to do what they like—and to opt out of arrangements they deem undesirable if that is what they want to do. To borrow a phrase from the late Milton Friedman, libertarian paternalists urge that people should be “free to choose.” We strive to design policies that maintain or increase freedom of choice.

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Highlight (Yellow) | Location 478

The paternalistic aspect lies in the claim that it is legitimate for choice architects to try to influence people’s behavior in order to make their lives longer, healthier, and better.

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Highlight (Yellow) | Location 482

The paternalistic policies that we favor aim to influence choices in a way that will make choosers better off, as judged by the choosers themselves.

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Highlight (Yellow) | Location 493

A nudge, as we will use the term, 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. To count as a mere nudge, the intervention must be easy and cheap to avoid.

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Highlight (Yellow) | Location 496

Nudges are not taxes, fines, subsidies, bans, or mandates. Putting the fruit at eye level counts as a nudge. Banning junk food does not.

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Highlight (Yellow) | Location 678

Not only were you wrong; you were probably confident that you were right.

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Highlight (Yellow) | Location 695

the problem is that we are fallible and life is hard.

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Highlight (Yellow) | Location 702

Although rules of thumb can be very helpful, their use can also lead to systematic biases.

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Highlight (Yellow) | Location 714

This process is called “anchoring and adjustment.” You start with some anchor, a number you know, and adjust in the direction you think is appropriate. So far, so good. The bias occurs because the adjustments are typically insufficient.

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Highlight (Yellow) | Location 744

the behavioral phenomenon of reactance: when people feel ordered around, they might get mad and do the opposite of what is being ordered (or even suggested).

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Highlight (Yellow) | Location 746

the more you ask for, the more you tend to get.

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Highlight (Yellow) | Location 751

A quick quiz: In the United States, are more gun deaths caused by homicides or suicides? In answering questions of this kind, most people use what is called the availability heuristic. They assess the likelihood of risks by asking how readily examples come to mind.

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Highlight (Yellow) | Location 775

representativeness. Think of it as the similarity heuristic. The idea is that when asked to judge how likely it is that A belongs to category B, people answer by asking themselves how similar A is to their image or stereotype of B (that is, how “representative” A is of B).

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Highlight (Yellow) | Location 809

(Second marriage, Samuel Johnson once quipped, “is the triumph of hope over experience.”)

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Highlight (Yellow) | Location 820

Unrealistic optimism is a pervasive feature of human life; it characterizes most people in most social categories. When they overestimate their personal immunity to harm, people may fail to take sensible preventive steps.

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Highlight (Yellow) | Location 826

People hate losses. In more technical language, people are “loss averse.” Roughly speaking, the prospect of losing something makes you twice as miserable as the prospect of gaining the same thing makes you happy.

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Highlight (Yellow) | Location 865

One of the causes of status quo bias is a lack of attention. Many people often adopt what we call the “yeah, whatever” heuristic.

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Highlight (Yellow) | Location 874

Default options thus act as powerful nudges.

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Highlight (Yellow) | Location 892

choices depend, in part, on the way in which problems are described.

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Highlight (Yellow) | Location 974

If people can rely more on their Automatic Systems without getting into terrible trouble, their lives should be easier, better, and longer.

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Highlight (Yellow) | Location 978

The picture that emerges is one of busy people trying to cope in a complex world in which they cannot afford to think deeply and at length about every choice they have to make.

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Highlight (Yellow) | Location 1023

We call something “tempting” if we consume more of it when we are in a hot state.

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Highlight (Yellow) | Location 1208

Many do not want to be on the wrong side of history, and if they learn that people are increasingly doing something, they might think that what seemed difficult or even impossible is achievable, maybe even inevitable.

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Highlight (Yellow) | Location 1281

the confidence heuristic: people tend to think that confident speakers must be correct.

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Highlight (Yellow) | Location 1290

an arbitrary “tradition,” in the form of some judgment about the distance, can become entrenched over time, which means that many people end up following it notwithstanding its original arbitrariness.

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Highlight (Yellow) | Location 1294

“collective conservatism”: the tendency of groups to stick to established patterns even as new needs arise.

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Highlight (Yellow) | Location 1364

Social influences matter, and so does luck.

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Highlight (Yellow) | Location 1457

If choice architects want to shift behavior and to do so with a nudge, they might be able to achieve this by simply informing people about what others are thinking and doing.

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Highlight (Yellow) | Location 1469

It follows that either desirable or undesirable behavior can often be increased, at least to some extent, by drawing public attention to what others are doing.

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Highlight (Yellow) | Location 1536

a norm or practice that is understood to be emerging, or to be increasingly supported, can operate as a powerful nudge, even if it is not yet supported by a majority.

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Highlight (Yellow) | Location 1548

Call it the golden rule of libertarian paternalism: offer nudges that are most likely to help and least likely to inflict harm.<sup>fn 11</sup>

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Highlight (Yellow) | Location 1550

A slightly longer answer is that people are most likely to need nudges when decisions require scarce attention, when decisions are difficult, when people do not get prompt feedback, and when they have trouble translating aspects of the situation into terms that they can easily understand.

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Highlight (Yellow) | Location 1552

When people are in situations that are unfamiliar or rare, they might well need a nudge.

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Highlight (Yellow) | Location 1578

people were more likely to fulfill their goals if they had made explicit “implementation intentions.”

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Highlight (Yellow) | Location 1587

One interesting key to the success of such programs is to authorize everyone in the room to remind absentminded offenders.

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Highlight (Yellow) | Location 1590

All organizations work better if everyone is empowered to speak up when the boss is about to make a mistake.

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Highlight (Yellow) | Location 1595

Self-control issues are most likely to arise when choices and their consequences are separated in time.

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Highlight (Yellow) | Location 1633

When feedback is ineffective, we may benefit from a nudge.

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Highlight (Yellow) | Location 1643

It is particularly hard for people to make good decisions when they have trouble translating the choices they face into the experiences they will have.

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Highlight (Yellow) | Location 1657

The discussion thus far suggests that people may most need a good nudge for choices that require memory or have delayed effects; those that are difficult, are infrequent, and offer poor feedback; and those for which the relationship between choice and experience is ambiguous.

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Highlight (Yellow) | Location 1694

Much of the time, more money can be made by catering to human frailties than by helping people to avoid them. Bars make a lot more money than Alcoholics Anonymous.

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Highlight (Yellow) | Location 1739

good design is often no more expensive than bad design.

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Highlight (Yellow) | Location 1741

if you want to encourage some action or activity, Make It Easy.

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Highlight (Yellow) | Location 1791

If people know their preferences, and know that they dislike the outcome that is embedded in the default, they will probably change it.

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Highlight (Yellow) | Location 1819

When choice is complicated and difficult, people might greatly appreciate a sensible default.

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Highlight (Yellow) | Location 1820

required choosing is often more appropriate for simple yes-or-no decisions than it is for more complex choices.

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Highlight (Yellow) | Location 1932

A good system of choice architecture helps people to improve their ability to map choices onto outcomes and hence to select options that will make them better off.

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Highlight (Yellow) | Location 1994

Structuring choice sometimes means helping people to learn, so they can later make better choices on their own.

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Highlight (Yellow) | Location 2000

One way to start to think about incentives is to ask four questions about a particular choice architecture: Who chooses? Who uses? Who pays? Who profits?

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Highlight (Yellow) | Location 2070

What do successful bookstores (and other small retail establishments) have in common? They are good curators.

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Highlight (Yellow) | Location 2073

traditional retailer cannot compete by offering more choices.

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Highlight (Yellow) | Location 2087

Good curation combines getting rid of bad options and introducing novel ones.

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Highlight (Yellow) | Location 2169

An ongoing useful role for governments is the creation of standardized units to make comparisons easier for consumers.

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Highlight (Yellow) | Location 2271

exploit consumer inattention

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Highlight (Yellow) | Location 2320

having choices is one thing; making good choices is another.

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Highlight (Yellow) | Location 2397

uses sludge as an intentional retention policy, which is unfortunately quite common.

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Highlight (Yellow) | Location 2402

asymmetry between the ease of joining and the pain of leaving an important part of their business model.

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Highlight (Yellow) | Location 2481

price discrimination via sludge. As customers, we prefer to deal with businesses that post their prices and don't offer lower prices just to those who complain.

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Highlight (Yellow) | Location 2563

In many cases, sludge operates as a wall, and people cannot find a way to get over it.

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Highlight (Yellow) | Location 2736

ability to control one's own destiny comes with the responsibility to make good choices.

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Highlight (Yellow) | Location 2741

Sometimes good choice architecture is simply making life more navigable, making decision tasks as easy as following the directions on Google Maps. In such cases, the choice architect is not encouraging or discouraging any particular choice, but instead is just making the process of deciding and implementing as easy as possible.

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Highlight (Yellow) | Location 2745

whenever we engage in directional nudging, we should be confident that we are likely to make people better off, as judged by them.

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Highlight (Yellow) | Location 3073

individual investors tend to be trend followers, rather than good forecasters, in their asset-allocation decisions.

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Highlight (Yellow) | Location 3190

the power of inertia

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Highlight (Yellow) | Location 3216

It seems a good bet that nudges will have the longest life when people are on autopilot, in which case default rules are likely to be sticky.

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Highlight (Yellow) | Location 3313

When markets get more complicated, unsophisticated and less-educated shoppers will be especially disadvantaged by the complexity.

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Highlight (Yellow) | Location 3314

The unsophisticated shoppers are also more likely to be given bad or self-interested advice by people serving in roles that appear to be helpful and purely advisory.

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Highlight (Yellow) | Location 3401

At the very least, the Federal Reserve Board ought to consider further nudges to protect customers from being lured into enrolling in supposedly protective programs from which they lose on balance.

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Highlight (Yellow) | Location 3466

one of the best ways to make it easy is to make it automatic.

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Highlight (Yellow) | Location 3495

If you are tired of reading about money mistakes, you can skip the rest of this chapter if you promise to follow this one rule of thumb: when purchasing insurance, choose the largest deductible available.

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Highlight (Yellow) | Location 3661

encourage people to take actions that mostly help others.

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Highlight (Yellow) | Location 3788

How strongly do we want to infer someone's preferences from their failure to take some action?

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Highlight (Yellow) | Location 3841

prompted choice because it enhances explicit consent with a concerted effort to nudge willing donors into becoming registered donors. A primary function of prompted choice is overcoming procrastination, inertia, and limited attention.

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Highlight (Yellow) | Location 3914

fewer people agree to join if the choice is forced.

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Highlight (Yellow) | Location 4074

Present bias. As we have seen, people tend to be much more concerned with now as opposed to later.

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Highlight (Yellow) | Location 4082

No specific villain. For some threats, there is an identifiable perpetrator—a wrongdoer whose terrible deeds capture public attention.

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Highlight (Yellow) | Location 4095

Loss aversion. We have referred to loss aversion, which means that people are more negative about anticipated losses than they are positive about corresponding gains.

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Highlight (Yellow) | Location 4129

think about climate change as a global choice architecture problem.

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Highlight (Yellow) | Location 4200

conditional cooperators; they cooperate if others do.

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Highlight (Yellow) | Location 4317

the Energy Paradox<sup>17</sup>: Consumers, who are Humans, decline to spend an extra \$100 on a more energy-efficient washing machine that could save them much more than that in just a few years.

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Highlight (Yellow) | Location 4394

make the green option the easy option.

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Highlight (Yellow) | Location 4402

Architectural solutions, making things easy or automatic, can have a much bigger impact than asking people to do the right thing.

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Highlight (Yellow) | Location 4419

We have said that people often do not know how much energy they are using. They also do not know how their energy use compares with that of their neighbors.

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Highlight (Yellow) | Location 4438

Incentives can come in many forms; for example, taxes, subsidies, target dates, and contests.

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Highlight (Yellow) | Location 4453

We emphasize that we have learned a lot from our critics and that this book is better because of their questions and doubts.

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Highlight (Yellow) | Location 4457

we use the word libertarian to mean “choice-preserving.”

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Highlight (Yellow) | Location 4463

We have used the term paternalism to include efforts to protect people against their own errors by guiding them to the choices they would make if they were fully informed and free from behavioral biases.

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Highlight (Yellow) | Location 4488

libertarian persuasion. They like freedom (as do we), and they think that nudging compromises it (as we don't).

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Highlight (Yellow) | Location 4513

The problem with most slippery slope arguments is that they do not provide any evidence of an actual slope:

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Highlight (Yellow) | Location 4560

We don't expect people to be their own physicians; why should we require them to make other complex decisions if there are trusted experts who can do it better, and on whom they freely choose to rely?

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Highlight (Yellow) | Location 4590

By all means, let's try to create a citizenry that has the skills and knowledge necessary to thrive in the world; it is valuable and important to increase people's competence and to help them to exercise their own agency. Statistical literacy, emphasized by those who like boosting, is an especially good thing.

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Highlight (Yellow) | Location 4595

We do not think that people are dumb. Instead, we think that the world is hard!

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Highlight (Yellow) | Location 4599

it's especially valuable to help people to exercise their freedom in an informed way.

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Highlight (Yellow) | Location 4610

the most effective form of training would be delivered on a “just in time” basis—that is, in anticipation of a pending decision.

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Highlight (Yellow) | Location 4634

transparency about nudging does not reduce its impact.<sup>11</sup> In fact, it can easily have the opposite effect.

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Highlight (Yellow) | Location 4640

an action counts as manipulative if it does not adequately respect people's capacity for rational deliberation.

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Highlight (Yellow) | Location 4673

the publicity principle suggests that no choice architect in the public or private sector should adopt a policy that she would not be able or willing to defend publicly.

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Highlight (Yellow) | Location 4686

If government officials use cleverly worded signs to reduce litter, deter theft, or encourage people to register as organ donors, they should be happy to reveal both their methods and their motives.

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Highlight (Yellow) | Location 4691

On Mandates and Bans: Beyond Nudging?

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Highlight (Yellow) | Location 4702

taxes, subsidies, mandates, and bans also have their place.

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Highlight (Yellow) | Location 4704

we will need jackhammers and bulldozers, with pocketknives helping where they can.

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Highlight (Yellow) | Location 4720

Enthusiastic paternalists who are especially worried about the risk of poor choices might want to push for bans and mandates.

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Highlight (Yellow) | Location 4722

We have defined libertarian paternalism to include actions, rules, and other nudges that can be easily avoided by opting out.

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Highlight (Yellow) | Location 4746

Aware that people might act in a way that they will regret, regulators do not block their choices but do ensure a period for sober reflection.

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Highlight (Yellow) | Location 4747

Note in this regard that mandatory cooling-off periods make best sense, and tend to be imposed, when two conditions are met: (a) people make the relevant decisions infrequently and therefore lack a great deal of experience and (b) emotions are likely to be running high. These are the circumstances in which people are especially prone to making choices that they will regret.<sup>fn1</sup>

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Highlight (Yellow) | Location 4770

taxes, mandates, and bans raise distinctive problems and concerns. So long as people are making informed decisions about how to live their own lives, we would favor an attitude of humility and respect—and hence a presumption in favor of freedom of choice. But that presumption certainly protects your right to disagree with us.

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Highlight (Yellow) | Location 4804

inertia is a powerful force.

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