COMMENT

# NUDGE STRATEGIES: THE NEED FOR A SYSTEMATIC APPROACH

by Lisa Dilling

*Lisa Dilling is Associate Chief Scientist at the Environmental Defense Fund.*

Thank you so much to the organizers for inviting me. Thank you to all the students who put together this amazing effort to select the article and then invite all of us. I really appreciate being here and you inviting me.

I want to say first of all how much I enjoyed reading Prof. Felix Mormann's article. It provides a comprehensive framework and a masterful summary of the state of knowledge on behavioral nudges as they are applied to environmental outcomes. It really does a great job of summarizing the literature and also crosses over from energy into water as well. I support his conclusion that nudges can be very powerful instruments for achieving climate goals.

First, I want to set out the scale of the challenge that we are dealing with here. Professor Mormann has really put this forward in his article as well. One of the reasons we want to focus on nudges or anything to do with climate choice architecture is simply because of the scale of the challenge. We talk about climate change as an issue, and we are seeing, in fact, that we have signs of hope. We have record sales of electric vehicles. We have record growth of renewables on the grid. We have new commitments to reduce leakage from methane. There are some real signs of hope, but at the same time, our emissions continue to go up.

We have hundreds of millions of people living without access to electricity in the world, so this means that we are going to have an increasing demand for energy. Unfortunately, fossil fuels still provide 80% of our energy. The scale of the challenge is really huge and, as we've added types of energy in the past from coal to oil to natural gas, those have been additive. We have continued to increase our use of energy over time. It hasn't been as much that we phase away any of these sources of energy. We just added them as our use of energy has expanded.

Focusing on the demand side (how much energy we are using) is actually an inexpensive way to deal with this increasing need for energy, because we do need to provide some energy to parts of the world that don't have energy now. It increases our quality of life so much, but if we can reduce the demand a little bit, it just means we have to build fewer renewable energy generation plants or put in fewer transmission lines. This is worth focusing on. It really makes economic sense to reduce the demand side.

In case you haven't read the book called *Nudge* by Richard Thaler and Cass Sunstein, I want to distinguish what we mean by a "nudge." Professor Mormann mentioned this, but there are many ways to steer climate choices, and not all of them are nudges. Thaler and Sunstein define this as 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.[1]

To count as a mere nudge, the intervention must be easy and cheap to avoid. In other words, it doesn't force you to do anything. It just kind of nudges you. Nudges are not mandates. For example, putting fruit at eye level counts as a nudge. Banning junk food does not.

I want to offer three points in response to this excellent article and close on a suggestion for future work. The first point I want to highlight, and that Professor Mormann lays out in great detail in the article, is the complex way that nudges play out in real life. We have research examples. We have how we think it might work in theory, and we have a lot of actual experiments in the real world—and even policy implementations—we can look at.

This shows that there is a lot of complexity to nudges. They have to do with both the way the nudges are designed and who we are as people receiving those nudges. Those two can interact in ways that are very unexpected and that we might not actually anticipate or intend. The literature is replete with things like age, political affiliation, and cultural background—who you are as a person can really affect whether or not you respond to a nudge positively or whether you not only reject it but go in the opposite direction that was trying to be nudged.

It is important for those researching in this space to be working with practitioners of policy to try to design policies for nudges together, because they can learn from each other in terms of: what practically could work; what our theories say; and what our policy experience actually says.

*Editors' Note: Lisa Dilling's Comment is based on an edited transcription of her remarks at the Environmental Law and Policy Annual Review conference. See 2023-2024 Environmental Law and Policy Annual Review Conference, available at https://www.eli.org/events/2024-environmental-law-and-policy-annual-review-elpar-conference.*

1. Richard H. Thaler & Cass R. Sunstein, Nudge (2021).

Those communities can help accelerate where we get to on nudges if we work together.

Second, I want to pick up on the theme that Professor Mormann mentioned about climate change being at its most politicized right now. This is a really important point and an important issue for nudges, even though we might imagine nudges are in the background. Putting the fruit at eye level, for example, sounds innocuous—right? But as we know, in our society, people find out quickly that we're trying to do nudges and that it is a deliberate choice.

I am not sure I buy the idea that you can bring over the nonpartisan state of nudge policy and apply it to climate change and that it will help. Climate change is polarized enough that it might actually work in the other direction and become a polarized situation for nudge deployment. I think that we would need to test the hypothesis that nudge policy can help with climate change. It might, unfortunately, still result in polarization.

The other thing I really picked up on from the article is this critique of nudges as paternalistic. We have other words for this in the United States, like "big brother" or the "nanny state." Nudges don't always go over well, at least in the United States. I know there has been some research on this, but this could be a good focus for the future: Which nudge policies have the most chance of success across individuals with a range of political viewpoints? If you are going to try to change demand for energy, you need to be thinking about how your nudges work across the spectrum of political viewpoints.

This is just a hunch, but many studies that we do are done on college campuses with undergraduates in the laboratory or are natural experiments within cities that already are predisposed to caring about climate change and looking for what might work. Those are not necessarily environments where we might need to be deploying nudges in the real world. Diversifying the cultural context and situations where we are using nudges would give a fuller picture of their potential.

Third, Professor Mormann acknowledges that the evidence on the effectiveness of nudges is mixed. One area I especially wanted to bring out that needs more exploration and rigor is information provision. Professor Mormann mentioned fuel-economy labels for cars. There is a lot of work on information labels and, unfortunately, labels can be confusing and lead consumers to different conclusions than intended. The good news is there are ways to produce and put labels on things that are super-informative. Seals of approval, such as Energy Star,[2] are a good example. Understanding all the energy details for a washer can be difficult for people who may not be that interested. Even salespeople don't know how to interpret the information. But an Energy Star label is pretty clear—you know the product has a good Energy Star rating.

I want to end with a few suggestions to help accelerate the design and implementation of nudges. One thing I would like to argue for is a community of practice around this area. Communities of practice are basically communities of people who are engaged in trying to do this, generally in the policy sphere on the ground. The one I am familiar with is the Water Utilities Climate Alliance,[3] a group of the largest water utilities in the United States. They are forward-looking at how to manage water for climate change. They sit together. They talk about what they have implemented and whether it worked or did not work. This kind of exchange of actual experience is incredibly helpful. It pushes the field forward, and researchers can engage in that community of practice as well. In addition, conducting more systematic analyses where we can get the greatest bang for the buck in the nudge world is important. Then, we can build in learning and adaptive design into our nudge policies as well because, as Professor Mormann pointed out, they don't always play out the way we intended.

In summary, I agree with Professor Mormann on the potential for nudges and suggest that we double down on a more systematic approach to creating strategies.

2. ENERGY STAR, https://www.energystar.gov/ (last visited June 10, 2024).
3. Water Utility Climate Alliance, https://www.wucaonline.org/ (last visited June 10, 2024).