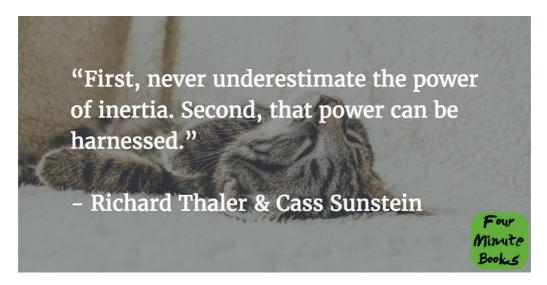# Nudge Summary

1-Sentence-Summary: _Nudge_ shows you how you can unconsciously make better decisions by designing your environment so it nudges you in the right direction every time temptation becomes greatest and thus build your own choice architecture in advance.

Read in: 4 minutes

Favorite quote from the author:

This book was co-authored by two professors. One is Cass Sunstein, who taught law for 27 years and worked in the Office of Information and Regulatory Affairs under Barack Obama from 2009 to 2012. He recently made his debut on Four Minute Books the wonderful, but totally unrelated _The World According to Star Wars_.

His partner in nudging, Richard Thaler, is a professor of behavioral economics at the University of Chicago, where Sunstein also taught. Thaler has worked with Nobel prize laureate Daniel Kahneman, and both have pushed the envelope of the science of decision-making quote a bit. He was even featured as himself in the Hollywood blockbuster _The Big Short_.

What makes this choice-book different is its focus on environment design, rather than improving your inner strength, willpower, etc. to make better decisions.

Here are my 3 favorite lessons:

1. A nudge is a subtle cue or context change that pushes you to make a certain decision without forcing you to.
2. One of the most powerful nudges is the default.
3. When states use nudges well, they can improve entire countries.

Need a nudge in the right direction? This ought to do it!

Lesson 1: Nudges are tiny hints or changes, which push you in one direction, but leave all options open.

Have you ever been talked into going out by a friend, at first not wanting to go, but after she teased you a bit and you dressed up, you ended up having a really good time? That's a nudge in action.

Used right, **a nudge is a very small action or change in environment, which makes it easier for you to make the decision that's best for you**, without forcing you to decide a certain way.

For example, if the cafeteria put the fruits next to the registrar, and not the candy bars, you'd eat more bananas – simply because they're easier to pick up. When the cashier at McDonald's asks you "Do you want fries with that?" that's also a nudge (but one in the wrong direction). The little flag some mailboxes have that turns up when mail is inside the box? Another nudge.

We're being nudged all day, sometimes towards good decisions, sometimes towards bad ones. The cool thing is, you can design your environment in ways that more good nudges will happen, for example by installing blocking software to restrict access to distracting websites.

Lesson 2: A default is a very powerful nudge, as it requires you to actively object it for it not to work.

Sometimes, it's possible to design situations where decisions need to be made in a way that if you decide automatically, you naturally make the right choice.

For example, if you send an email through Gmail and type something like "please find attached" or "I'll attach the file" in the email's body and you then forget to upload the actual attachment, Gmail automatically prompts you with the question "Did you want to send an attachment with this?" It's a very situation-specific nudge, but it can save tons of time and frustration in the long run.

This particular type of nudge is called a default. **Default nudges are set up in a way that if you do nothing, you'll still do the right thing by sticking to the preset standard**.

At scale, companies can use this by automatically enrolling their employees in their matching-retirement plan programs, unless they explicitly object to participating. This helps a lot of lazy people save for retirement because they would never have enrolled if they'd had to actively do it themselves.

Similarly, gyms and magazines abuse this by automatically renewing your subscription, unless you cancel it. Again, nudges can be used both ways.

Lesson 3: States and other large institutions can use nudges to improve societies and countries as a whole.

Here's a really basic way of describing how states work: **if the majority of its members make good decisions, the welfare of the state grows**. If the majority makes bad decisions, it declines.

For example, <u>75% of Americans make bad food choices and are therefore either obese or overweight</u>. Imagine all of these people would eat healthier. Obesity would go away, and thus the expensive health problems that come with it. The country would save billions of dollars in treatments, surgery costs, health insurance expenses, etc. It'd be a win-win. Same with smoking.

Sure, a nudge at scale costs a bit to set up, but its effects usually kick in fast. For example, since it's become mandatory to <u>report carbon emissions</u>, the emissions themselves have gone down significantly – just because companies have to be transparent. No law says they have to emit less carbon dioxide, yet because critics can point fingers, businesses naturally compete to be eco-friendlier.

Another cool state-side nudge is the <u>dollar-a-day program</u>, which gives teenage mothers $1 each day they don't get pregnant again. $365 may sound like a lot but is much cheaper than having to take care of a newborn or trying to relocate it to a good family.

If they use nudges right, governments and large institutions can spur wise decisions at scale and thus, make life better for everyone!

Nudge Review

What a cool way of reframing the whole decision-making process. As I said in the introduction, *Nudge* really is different, just topically related to all the other decision-making books, which is precisely what makes it so powerful. Thumbs up!

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What else can you learn from the blinks?

- The two most common reasons we make bad decisions
- What mainly drives our decisions and why it's built on a weak foundation
- Why you should always go for the small popcorn size at the movies
- How companies abuse our susceptibility to nudges
- When nudges are most powerful
- How you can use nudges to achieve your goals

Who would I recommend the Nudge summary to?

The 15 year old, who's already slightly overweight, the 39 year old, who just checked whether he's enrolled in his company's retirement saving program, and anyone who works in a place that could help implement nudges at scale.