Oliver, Adam. ***The Origins of Behavioural Public Policy***. London, UK: Cambridge University Press. 2017. 210 pp. $79.99 cloth. $27.99 paper.

Diverging from the discipline of *homo economicus*, behavioral public policy evolved from the ideas that humans are not infallibly rational and that gentle nudges could improve behavior. Progenitors of this new field included Daniel Kahneman and Amos Tversky, whose decision-making insights in the 1970s led to a rich literature on heuristics. Richard Thaler and Cass Sunstein followed suit, their 1999 (2008) publication of *Nudge* escalating interest in behavioral public policy. Such interest was evidenced by Britain's installing the Behavioural Insights Team (i.e., "Nudge Unit") in 2010, and the White House operating its own Social and Behavioral Science Team from 2015 to 2017. Within health, behavioral economic insights have influenced intervention and policy design, evaluation, and implementation across a range of consumer health behaviors, from health-insurance-plan selection to smoking cessation.

In *The Origins of Behavioural Public Policy,* author Adam Oliver provides a succinct summary of the theoretical and conceptual frameworks underlying the application of behavioral economics to public policy, particularly health policy. As suggested by its title, the book outlines the foundations of behavioral economics, which principally stem from economics and psychology. Oliver then analyzes three types of behavioral economic interventions: nudges, shoves, and budges. Whereas most of Oliver's book is an up-to-date overview of familiar behavioral economics literature, he deftly closes by illustrating how insights from other disciplines, ranging from animal behavior to philosophy, contribute to behavioral public policy. A more accessible read than Kahneman's *Thinking Fast and Slow* (2011), Oliver's book succeeds in accommodating newcomers of behavioral economics. Intentionally brief and

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didactic, Oliver's book best functions as a teaching resource for undergraduate students or handy reference for lay readers.

A strength of the book is its organization, with its four main parts neatly mapping onto readers' different levels of knowledge and interest. Those new to behavioral economics should start at the beginning, as chapters 1 through 3 chronicle the origins of behavioral economics. In these chapters, we read first about the field of economics, with its dogmatic theories of rational choice and expected utility. Behavioral economics emerges from critiques of traditional economics axioms, with theorists motivated first to describe violations of expected utility theory and then to understand why people decide and behave the way they do. From Maurice Allais's paradox (1990) to Kahneman and Tversky's prospect theory (1979), behavioral economics became not only a viable alternative to economics but also a tool for policymakers overseeing irrational poleis.

For readers looking to brush up on their behavioral economics basics, chapters 4 through 6 provide an apt summary. Oliver guides readers through hyperbolic discounting and present bias, gestalt characteristics and the James Dean effect, and motivational crowding and self-determination theory. He effectively embellishes these chapters with empirical investigations. For example, Volpp et al. (2008) demonstrated short-term success in motivating weight loss using pre-commitment deposit contracts and lottery incentives, which played on present bias, loss aversion, and the tendency to overweight small probabilities (chapter 6).

Public policy makers, analysts, and researchers with a foundational understanding of behavioral economics may consider diving directly into chapters 7 and 8. Contained in these chapters are applications, both conceptual and empirical, of behavioral economics insights to public policy, and a distinction among nudges, shoves, and budges. Informed by liberal

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paternalism, and conceived originally by Thaler and Sunstein (2008), nudges are characterized by being behaviorally informed, liberty preserving, and internalities targeted. Oliver expounds on how the British Behavioural Insights Team further specified the core attributes of nudges—including norms, defaults, and priming—which guide the team's intervention and policy designs. Whereas nudges are applications of a liberal paternalism framework, Oliver delineates shoves and budges as products of coercive paternalism. Shoves deviate from nudges by moving away from liberty preservation and toward regulation while budges not only prioritize regulation but also target negative externalities.

Lastly, readers yearning for new perspectives on behavioral economics will relish chapter 9. In this chapter, Oliver travels away from the behavioral economics canon to consider the potential contribution of reciprocity to public policy. In search of novel behavioral insights, Oliver explores reciprocity from the literatures of political economy (e.g., the ultimatum game) and animal behavior (e.g., chimpanzee cooperation). Although he offers little empirical evidence of policies using reciprocity, he proposes that reciprocity-motivating interventions might be effective in performance management and in domains linked with reputational concerns.

Summing up his thoughts in chapter 10, Oliver makes three main arguments. First, and a recurring motif in his book, Oliver implores the field to expand by adopting multidisciplinary inputs that extend beyond economics and psychology, such as sociology, anthropology, and literature. This contention is reflected in Oliver's use of broad sources throughout his book, ranging from philosopher David Hume to primatologist Frans de Waal. Second, and perhaps the main justification for penning a book on the origins of behavioral public policy, Oliver believes that knowledge of the evolutionary explanations behind behavioral economics phenomena will at once enhance our insights into why people often behave irrationally and help us generalize

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behavioral economics findings across interventions. Lastly, Oliver convincingly argues for a paradigm shift in policymakers' goals from maximizing utility (the normative economics approach) to extending opportunities for people to lead fulfilling lives. This is more akin to Amartya Sen's capability approach (Sen 2014).

At its conclusion, Oliver's book leaves us contemplating the role of behavioral economics in health policy. Here, we'll consider three: First, behavioral economics helps us understand how people make decisions, including deviations from rationality and how these deviations hinder utility or capability maximization. For example, anticipated feelings of regret or disappointment can explain why people make choices in gambles that violate expected utility theory (chapter 3). Second, behavioral economics informs intervention and policy design. For example, countries interested in increasing the number of organ donors may consider a prompted choice or opt-out system, like in France and Portugal, as opposed to an opt-in default, like in the US. These default differences result in nearly 100% organ donor participation in opt-out countries, versus 20% in opt-in countries (chapter 7). Third, behavioral economics helps us evaluate policy by accounting for effects that may be overlooked by standard economic analysis. For example, Chaloupka et al. (2015) found the US Food and Drug Administration overestimated consumer surplus loss from cigarette package graphic warning labels by ignoring the costs of smokers' biases, such as present bias and projection bias.

Although behavioral economics has helped policymakers when traditional economics has fallen short, the discipline is not a panacea. In health and health care, data are mixed on whether behavioral economic interventions work or work better than those of classical economics. More research is needed to identify whether and which behavioral economic interventions differentially impact population subgroups across varied domains. Additionally, some structural

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inequalities may need more than a nudge to move the needle. However, as Oliver shows, behavioral economics should be considered an invaluable tool for policymakers to design, evaluate, and critique policy.

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