



Nudge: Improving Decisions About Health, Wealth, and Happiness

by Richard H. Thaler and Cass R. Sunstein, Yale University Press, 2008. 304 pages.
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Thaler and Sunstein's collaborative work, *Nudge*, provides an enlightening look at the many facets of the decision-making process. With a call for 'libertarian paternalism' the authors rearticulate the role of government as a 'choice architect.' Rather than limiting our choices and forcing our hand, government nuances the parameters of decision making in ways that effectively alter the well-being of decision makers by 'nudging' them in life improving directions. Thaler and Sunstein put an intriguing twist on policy discussion as they apply their 'nudge' theory to topics ranging from credit card debt to saving the planet. They also offer an added dimension to the role of economists as not just evaluators of costs and benefits, but as choice architecture experts and potential 'nudgers.' The authors maintain reader interest by relating compelling findings from a variety of disciplines and challenge readers by putting our own decision-making skills to the test time and time again.

Who should read *Nudge*? This book is an excellent read for any economist and worth adding to your personal collection. The discussion not only informs the concepts we traditionally teach in economics courses, it forces us to take a humorous look at ourselves and human nature in general. Economists and a more general readership alike will find themselves captivated by analogies such as that of a description of Homer Simpson as the 'doer' in us all while *Star Trek's* Mr. Spock is the 'planner,' with the two constantly at odds as we make choices. It provides a very compelling explanation as to why diets rarely seem to work. Thaler and Sunstein also help us understand the many biases that naturally plague our choices with examples that offer very practical advice with regard to credit card debt, mortgages, and saving for retirement.

Economic educators at all levels can benefit from this book. In the first lecture in many principles of economics courses, instructors offer a definition of economics as

the study of the choices people make given the presence of scarcity. For a discipline centred around the study of choice, Thaler and Sunstein offer ideas that allow us to focus and angle our discussion in new and interesting ways. While the entire book might be heavy reading at the principles level, instructors will easily find themselves offering the concept of the 'nudge' when discussing how policy makers try to find more inventive and successful ways to achieve outcomes. This instructor plans to reference *Nudge* throughout the semester for its poignant examples that will no doubt engage students.

Nudge would be an excellent assigned reading in undergraduate and graduate level courses on health care economics. There are several chapters devoted to the economic issues related to third party insurance payments, organ donations, medical lotteries and prescription drugs. The nudge approach offers a new perspective for dealing with the economic issues that arise with each of these topics. Several topics also make this book a good choice for a course in public policy including the nudge solution to the social security crisis, improving school choice, privatising marriage and lotteries. *Nudge* would also form a nice centerpiece for an undergraduate seminar course.

Nudge adds a new element to the arsenal of the economic educator. And all readers will enjoy a new appreciation of how we are not only 'nudged' by influences around us, but also how we might more effectively provide our own nudges.

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