

# article

## All tools are informational now: how information and persuasion define the tools of government

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The toolbox of governments increasingly resembles a set of informational cues and prompts. Governments and other public sector organisations realise that the traditional tools of government, such as law and finance, need a supportive informational context to be effective. Recent developments in British government show that the distinction between nudge-like interventions and the traditional policy instruments cannot be sustained. These informational resources have increased the capacity of government and they can help alleviate the problems of top-down forms of intervention. In short, an informational focus to the tools of government can enhance more traditional forms of intervention.

**keywords** tools of government • nudge • behavioural policy

### Introduction

One of the most important advances in the study of public policy – occurring over the lifetime of this journal – is the categorisation of the tools of government into a small number of discrete types.<sup>1</sup> Salamon and Lund (1989, 4) sum up what underlies the concept: ‘the notion that the multitude of government programmes actually embody a limited array of mechanisms or arrangements that define how the programmes work’. Analysts should not be dazzled by the variety of different labels governments use, as they usually reduce to a much smaller set of categories based on distinct causal claims. Seminal is the work of Hood (1986; 2007), and of Hood and Margetts (2007), who developed the NATO classification system: Nodality, Authority, Treasure and Organisation. Hood’s influential acronym has been complemented by Salamon’s more complex and differentiated fourteen-point scheme (Salamon and Elliott, 2002; Salamon and Lund, 1989); Howlett’s classification of continua (Howlett, 2005; Howlett, Ramesh and Perl, 2009; Howlett, 2011); and John’s addition of institutions and networks into the mix (John, 2011). Then there is conceptual work on the different dimensions of tools, which seeks to understand the processes of instrumentation and maps out guiding principles behind the tools, what are called meta-tools (Peters and Nispen, 1998; Lascoumes and Le Galès, 2004; 2007; Kassim and Le Galès, 2010).

Nothing in this paper should detract from the value of such schemes, as they assist an understanding of how the capacity of government may be enhanced or weakened by the resources at its disposal. But such accounts need a second step. As well as an

elaboration of the tools of government, it is important to consider the communication between the instrument and those who are intended to receive such commands or encouragements once the tool has been applied. There is, for example, the publication of a law, and then the ways in which the targets of the law get information about the change; or there can be an adjustment in the level of taxation and then citizen or company compliance based on awareness of the new rate. Once this distinction is conceded, there may be less difference between instruments of government as each is mediated and processed by the means of communication, whether encouraging, manipulating, commanding, or conveying norms, which themselves can be customised and shaped by the very same institutions of the state that control the instruments. In this way, the tools of government are all informational to a certain degree.

The tools of government have always had an informational component, but they are more informational now because of a growing awareness among policy makers of the power of signals and norms. Those in government and other public agencies increasingly realise how their messages may be conveyed in ways that yield a far greater effect on outcomes than might be supposed from their lightness of touch. As governments seek to reshape the state in a period of fiscal austerity, they increasingly recognise the importance of carefully crafting the tools of government, refashioning them so they work much better, and do not default to their core characteristics, whether it is over-authoritarian laws that do not work or public finances that crowd out other forms of motivation. Such trends are likely to increase with the greater reliance by government on information technology and digital forms of service delivery (Hood and Margetts, 2007). In short, information provision can guard tools from themselves, and help craft interventions that are more appropriate and effective.

The aim of this article is to develop the argument that the tools of government are informational, and are increasingly so in today's environment. It does so through drawing on the literatures on the tools of government, public information campaigns, citizen mobilisation, behavioural economics and risk regulation. The review of the literature shows that the traditional approach to informational provision only yielded weak effects, even if these were valuable. But new work in psychology can help policy makers recalibrate the state to get much more from the informational aspect of tools, in particular by using nudge techniques such as defaults and peer effects. With these ideas, policy makers may redesign the tools of government, not just improving the traditional means of conveying information, but in helping laws and financial instruments work more effectively.

The article is in six sections. It starts with a review of the use of information and persuasion by government as a discrete activity; secondly, recent debates in behavioural economics and about nudging citizens are introduced; thirdly, the argument is presented that nudge may be applied to a wide range of government activities, taking examples from the recent work of the UK Cabinet Office Behavioural Insights Team; fourthly, there are two brief case studies of research on taxation and of legal regulation; and, finally, in the conclusion there is a discussion of the implication for the literature on the tools of government, and on the capacity of the public sector more generally. The article contributes to the literature on the tools of government by stressing how the provision of information and feedback enhance the effectiveness of public policy.

## Information as a tool of government

The use of information as a key resource of government has been recognised by writers on the tools of government, such as Hood and Margetts' discussion of nodality. The kinds of activities that are purely information or persuasion-based are public information campaigns, which may contain key messages backed up by evidence. There may be – in addition to or in place of – efforts at persuasion using symbols to try to influence behaviour, where the means are exhortation, encouragement and even negative warnings. The means of information and persuasion might be a leaflet, a magazine, a media campaign on the radio or on television, a door-to-door canvassing exercise, putting up posters, and an attempt to get someone to pledge to do something. Alternatively, it might be more indirect through carrying out interviews with the media, the dissemination of research findings, the briefing of journalists and the sponsoring of events. These campaigns are sometimes targeted to the general population, such as with health or car-driving campaigns, or towards specific groups, such as the elderly, those in ill health or young car drivers. Hood and Margetts discuss the way in which governments provide bespoke messages, which are directed to certain kinds of citizens, say in the form of a customised letter, or where citizens can access, say electronically, if they search for it. Alternatively, some interventions can be information rich. There may be an incentive, but the key to the intervention is the provision of information to change behaviour.

Information provision is not costless. It needs to be collected, designed and commissioned; but it is not at the high end of expenditure choices of governments. It is an attractive policy tool because it appeals to the higher human motivations, both in government as it uses evidence and considered actions, and to the citizens because it appeals to their goodwill, their willingness to listen and to decide for themselves what is the best thing to do. There are also situations where providing information is a no-brainer option. As Balch (1980, 30) writes:

Often people fail to use a new product, service or behaviour because they are unaware of it or uncertain about its consequences... In such case, where information is the main gap between the potential and the new behaviour, information is what must be provided. There are numerous examples of this kind of information provision, which we do not appreciate much normally, such as notices saying that the cliff edge is near or the water is deep. And people even ignore these pieces of information.

It is more likely information and persuasion is directed to people who might not necessarily act on it immediately or see it as in their interests to act. So the information needs to persuade as well. An effective message depends on its presentation and ensuring the message is adapted to whoever is likely to respond. There is a marketing industry, which governments have employed, to try to do this. Why should many activities of government, such as actions to promote the take-up of welfare benefits, be any different to the private sector? Effectively the state is persuading individuals to do something and to see the action as beneficial to themselves, with the difference – and advantage – that the state can appeal to wider motivations, such as the desire to do good.

The main weakness of information and persuasion is that there is no compulsion involved, so these messages can be avoided without immediate cost. By being informed, the public authority might even be giving permission for them not to be obeyed. It is saying in effect that 'we can't force you not to eat high fats, and we will treat your heart disease that may result, but we would like you to stop because there is this evidence that shows it would be bad'. It is possible to imagine several kinds of response to public information of this kind. One may be immediate cessation of a diet of chips, burgers, sweets, cakes and soft drinks, and their replacement with muesli, steamed fish, vegetables and spring water based on the power of this new information. But it is not likely that one act of providing information will have this effect. It is more likely that people will ignore the message because they enjoy their foods of habit, which are provided cheaply and are easily available locally, and which do not require much effort and knowledge to cook and eat. People cannot observe the immediate consequences of their habits, so they may choose to ignore the message or think that it is really not so bad. They may even decide they enjoy their lifestyle so much they do not care what happens later or prefer to have shorter unhealthy life, positively valuing current pleasure and negatively valuing future costs. This is a well-known phenomenon, called hyperbolic discounting, and explains a range of apparently non-rational behaviours, such as why people do not save for retirement even though they know they should if they are to be comfortable in old age. The problem for information and persuasion is that the need to persuade arises from the future costs that people do not take into account, but changing the way people approach their choices is hard because it is so engrained. Information can make people aware of the costs and benefits, and might induce a short-term change in behaviour, such as towards healthy eating; but it is likely that people will return to their long-term pattern of behaviour once the short-term stimulus has been removed. The diet is kept to for a few weeks, but then they remember the old foods and how nice they were and encouragement by family and friends takes its course. This is the term preference reversal, where a commitment to a new lifestyle can be reversed by even a weak counter stimulus – so the dieter sees a box of chocolates in the office and then consumes them voraciously. Once the diet is broken, there is a downward slide and the person returns to what they were doing before.

There is the tendency for people to resist the message, as a kind of reaction, which is equivalent to taking the opposite point of view in an argument even if you agree with the position of the opponent. Halpern et al (2004, 25) refer to the psychological concept of reactance, where people see an act of persuasion as a threat to their freedom. Finally, too much information makes the information itself routine as it loses its effect – the recipient becomes bored with it. This is easily done in the information-rich western societies with many sources of information. Government announcements will be easily lost amid the many messages the public receives.

So it is no surprise to find a line of sceptical thinking about the power of information and persuasion, partly in reaction. Hyman and Sheatsley, in *Some reasons why information campaigns fail* (1947), argue that 'the very nature and degree of public exposure to the material is determined to a large extent by certain psychological characteristics of the people themselves' (1947, 413). The power of human beings to resist new information and to trust information from peers, family and friends is a powerful obstacle to the impact of new, potentially beneficial information. This does not mean messages are bound to fail. There have been significant changes in

behaviour as a result of information. Thus research on the harmful effects of smoking has diffused over time, helped by government information campaigns and by other instruments, such as taxation. The question is how much and over what time period. In addition the academic consensus has switched around again. In a riposte to the earlier article about why information campaigns fail, in 1973 an article appeared in the same journal, called *Some reasons why information campaigns can succeed* (Mendelsohn, 1973). Mendelsohn draws attention to the design of studies, and where more targeted campaigns can have an effect, particularly if they give some thought to the context and viewpoints of the individuals being targeted as well as use evidence about what works. This line of thinking about media influence highlights the many practical things governments and other public actors can do to improve the quality of the information, such as improving the clarity of the message. It is possible to use some well-known techniques of persuasion that involve implying reciprocation, giving a commitment, the appearance of more people doing this, respect for authority (important in public policy) and liking the persuader (Cialdini, 1993; 2012). It is on these developments that the more radical behaviour change or nudge agenda has built.

The simplest example of a persuasive tool is the public information campaign. Here information is presented in an attractive noticeable way to seek to change behaviour. This kind of campaign has been subject to many studies and reviews, in particular meta-analyses and systematic reviews that allow some general inferences to be made about the impact. One area where research is common is health promotion, so it is not surprising to find a meta-analysis, such as Snyder et al (2004), who find an average effect size of 9%. As predicted, they find studies that show addictive behaviours are hard to change. But there does seem to be an effect in relationship to the baseline level of effectiveness, with those people already not inclined to participate being hard to move. Snyder, in a later piece, carries out a review of meta-studies, what can be called a meta-meta-analysis (Snyder, 2007). This sums up the findings of nine meta-reviews, from the US, Western Europe and less developed countries, which is about as good a summary of the effectiveness of these campaigns as it is possible to have. In the US, the effectiveness of health media campaigns is about 5%, a finding that seems to apply in Europe too. So information campaigns are a modest contribution to the effectiveness of public policies and other instruments of government, but are not a means to encourage large behaviour changes.

Using the media to effect change is only one way to communicate messages, and it may be one where the impact of the message diffuses through the large number of pieces of information the citizen gets from different sources. Better maybe to persuade the citizen directly, by a face-to-face communication on the doorstep or by telephone? Here the government tries to resemble the private sector through foot-in-the-door techniques, but with the advantage that the state or other public actor should be expected to get more respect than salesmen trying to offload their products. So the foot in the door is an effective technique in overcoming citizen barriers. State-sponsored organisations may sponsor bands of citizens or professionals to canvass the general population more directly. One example may be efforts to assist the recycling of household waste, which is important to achieve environmental objectives, such as reducing landfill and carbon dioxide emissions. Households are encouraged by recycling facilities and exhortations by government advertisement and local council leaflets; but it may take a door-to-door campaign to encourage them to carry out the activity, with the emphasis on face-to-face contact and on providing information about

recycling as well as an attempt at persuasion. There have been a number of studies to test this idea. Schultz (1998) conducted a randomised controlled trial examining the impact on recycling behaviour of providing written feedback on individual and neighbourhood recycling behaviour. Cotterill et al (2009) tested for the long-term effect of an intervention to increase the level of recycling, finding that the level of recycling in the canvassed group rose by 4.3% while the control group fell by 1.1%. Schultz (1998) has shown giving feedback to recyclers increases their participation in the scheme. Feedback cards left by collection crews to highlight boxes that contain contaminated material can be effective in reducing the amount of contamination, and it also is a cheap approach (Timlett and Williams, 2008). Nomura et al (2011) show in a randomised controlled trial that giving feedback to streets about their use of food waste can raise the amount of recycling by 2.8%.

The conclusion to draw from these mobilisation exercises is that they offer potential for state-sponsored groups to engage with the citizens and to encourage them to change their behaviour, not just on the environment, but with regard to political participation and other desirable outcomes (John et al, 2011). But it is likely such attempts will not have a large impact, and affect those individuals who are more likely to do it anyway and have the capacity to change. Canvassing is an important aspect of communicating information and persuading, but because of the limited time to do it and the complexity of organising it, it is never going to be a major tool of government. The effects are modest and tend to be short-lived. But there is a new generation of studies that show that these effects are much stronger when delivered in a way that respects the incentive structure and biases of those for whom the message is intended.

### Smart information provision: nudges

The preceding text has drawn attention to the weakness of attempts by government to persuade citizens and other actors to behave differently. Such measures to encourage citizens to act can get stronger leverage by paying attention to the techniques of persuasion. Cialdini (1993) has highlighted some of the means sponsors use to persuade consumers and other participants. The idea is that respondents often comply with requests. The secret is in the framing of the question, such as if it implies reciprocity. Getting commitment, as with pledges, might be an effective way of getting a request accepted. Cialdini's assertion of the importance of authority may be a technique that public sector actors might wish to use. For example, with an airborne disease alert, the public will listen and take notice of public information advertisements. The association of a campaign with the actions of peers will also enhance its impact.

Telling an informant his or her peers have been or will be informed about their behaviour is a powerful form of social pressure. Gerber et al (2008; 2010) carried out an experiment to find out if telling the voter that neighbours will be informed about their voter turnout would be more likely to vote, which had a strong impact. This idea can be applied to use social pressure to improve public outcomes, such as citizens contributing their resources for the good of the community. Cotterill et al (2013) test the idea that the numbers of books citizens donate to charity will depend on the manner in which they were asked. They find the form of the request matters because people want to be recognised for their public acts. In addition to making people feel good, making them feel anxious when getting the feedback also increases

compliance. Experimental work shows that if an authority becomes threatening, then removes the threat, compliance is more likely (Dolinski and Nawrat, 1998).

These examples show that policy makers can use insights from psychology to improve the leverage of existing policies. Much current thinking draws on the strides in knowledge that took place during the last 25 years or so from the work of psychologists and economists such as Slovic, Kahneman and Tversky (Kahneman, 1973; Kahneman and Tversky, 1979; Kahneman, Slovic and Tversky, 1982; Kahneman and Tversky, 2000). The key idea is that human beings approach problems with a set of pre-set biases, which influence them toward certain kinds of behaviours. They tend not to react to changes in incentives or from the imposition of extra costs in a straightforward way. External agencies can still influence behaviour; but they need to understand the exact nature of these biases so they design highly human-centred policies that go with the grain of cognitions, which can produce strong results in the form of changed citizen behaviours. While the general provision of information might produce apathy and indifference, extra public finance might crowd out or devalue civic action, and regulation might produce resistance or passive non-compliance. Carefully tailored information signals and revisions to the exact way in which citizens interface with the institutions of the state might yield powerful results.

In recent years, the idea that information may be used in a clever or smart way to encourage citizens to behave in ways that are in their own or society's interest has been referred to by the term 'nudge', popularised by Thaler and Sunstein (2009) in their book of that name. The nudge approach uses an element of information provision to get the individual to where he or she wants to go. The state or public authority gives a signal that does not compel the person to something, but alerts them by affecting the way they carry out choices, say by altering the choice architecture, such as the default options on a website, for example.

This is what Thaler and Sunstein call liberal paternalism – not directly controlling what people do, but influencing them through reminders and cues. Important is a default option, or ensuring, if someone has to make a choice, that the default or lazy option is the more beneficial. Thaler and Sunstein give some examples of the types of changes needed. One is a red light that goes off when air conditioning filters need to be changed, so reminding consumers, or an automatic civility email reminder that sends a message to someone sending an angrily-worded email to encourage them to think again about sending it. This is not a rule in a hard sense, but the state or other public bodies arranging things for consumers so they have a chance to think about their choices.

## The impact of the behavioural sciences on government

Nudge ideas have been widely discussed by local authorities and central governments across the world, such as in the UK, US and France. In 2004 the UK Cabinet Office's document, *Personal responsibility and changing behaviour: The state of its knowledge and its implications for public policy* (Halpern et al, 2004), made the case for using more knowledge about citizen behaviour, and for applying theories of interpersonal behaviour to construct better policies that engage citizens with the state. Other pioneering publications were the New Economics Foundation (NEF) report, *Behavioural economics: Seven principles for policy makers* (Dawney and Shah, 2005), and Jackson's *Motivating sustainable consumption* (Jackson, 2005). Government interest in the

latest thinking was demonstrated by the work that went into MINDSPACE, produced by the Cabinet Office and the Institute for Government in March 2010 (Dolan et al, 2011). This guide gathered together key insights from behavioural economics and psychology, and listed them in its memorable acronym.

These ideas have appeared in UK government documents. For example, they appear in the *Giving Green Paper* (2010b) issued by the Cabinet Office, as well as in the Department of Health's White Paper *Healthy lives, healthy people: Our strategy for public health in England* (2010), and most recently reviewed by the House of Lords' *Behaviour change* (House of Lords, 2011). These ideas have proved popular with other governments too. The Scottish Government has carried out a review of the international evidence for behaviour change initiatives (Southerton et al, 2011). President Obama appointed Cass Sunstein, one of the authors of *Nudge*, to head up the Office of Information and Regulatory Affairs. In France, the Centre for Strategic Analysis of the Prime Minister employed a behaviour science expert, Olivier Oullier, as an advisor on behaviour change policies. The attractiveness of nudging has been due in part to its low cost, much more pertinent in an era of fiscal austerity, and also because it is a complement to conventional policy instruments, such as legislation and regulation.

The main criticism of this approach is that it appears to offer too weak a set of mechanisms to achieve sufficient behaviour change, partly from their concern not to overly burden the citizen. Changing behaviours might require a push or a 'shove' from government, rather than a mere nudge. This is the implication of the House of Lords' report. The potential problem is that given the entrenched nature of the behaviours that governments wish to alter, such as eating habits, the driving of cars and energy use, the use of defaults and information cues on their own may not be enough to shift behaviour and outcomes. Changes in behaviour usually require a combination of interventions, so it may be the case that nudges rely too much on the (important) issues of information provision and choices, rather than on the whole range of government resources. This argument has appeared in criticisms of the attempt by the Coalition government to create more participation and a collaborative approach to service provision, called the Big Society (Sullivan, 2012).

The opposing argument – the one of this article – is that behaviour change theory can be directed also to the traditional resources of government. For the tools of finance, organisation and law might themselves be guided by better theories and evidence on behaviour change. Thus nudge both incorporates Thaler and Sunstein's defaults and other light-touch interventions, and the techniques of behavioural economics and psychology, to redesign standard policy instruments and their informational environments. The nudge would be about the presentation of information about an economic incentive, and the way the incentive is structured, rather than the incentive itself. In fact many nudge interventions involve regulatory changes, such as changing the defaults for organ donations when citizens pay their vehicle taxes, or altering the rules on payroll giving. The problem of making strong judgements about the success of behaviour change policies is that it is difficult to maintain a hard and fast distinction between 'soft' and 'hard' tools of government (John, 2011). In addition, it is not possible to draw a clear line between authoritarian commands and informational interventions. For this reason, it is very hard to reject the claim of paternalism. The nudge agenda really assumes that the state knows best, as it involves reducing the choices – however gently – of the citizen (Sugden, 2008; 2009). In this way interventions that involve



nudges are just like many other policies that reduce freedoms and choices. There is nothing necessarily light-touch about behaviour change policies.

The incorporation of the manipulation of incentives into nudge has caused controversy. The House of Lords Select Committee on behaviour change attempted its own clarification, setting out a table defining choice architecture as: the provision of information; changes to physical environments; changes to the default policy; and the use of social norms and salience (House of Lords, 2011, 10). Persuasion was seen as a distinct category to information provision, or choice architecture as a whole, and therefore is not classified as part of nudging. The Committee also placed fiscal and non-fiscal incentives outside the choice architecture. But the nudge is not the incentive, but information about the incentive, which helps it work more effectively.

The more coherent way of thinking is to see nudges and information as means to assist conventional forms of policy implementation. As the Minister of State at the Cabinet Office, Oliver Letwin, and his colleagues make clear in the report on energy use:

These insights are not alternatives to existing policy. They complement the Government's objective to reduce carbon emissions across all sectors, and show how we can support these efforts in relatively low-cost ways. (Cabinet Office, 2011, 3)

Once government considers a new policy intervention, such as changing the default on organ donations, it involves consideration of the full range of policy tools, such as changes in the rules, as well as the softer tools. Aspects of the Green Deal, for example, are implemented by legislation some of which gives rights to tenants to demand energy efficiency in the homes they rent and changing the design of Energy Performance Certificates (EPCs).

As well as inheriting various structures and policies, the Coalition government has set up the Behavioural Insights Team as its main institutional innovation in promoting behaviour change. This was created in May 2010, operating from within the Cabinet Office, and is often called 'the nudge unit'. It comprises 13 officials, takes advice from experts, such as Richard Thaler, and has set up an academic advisory panel.<sup>2</sup> Its work is consistent with normal practice in the centre of British government: it does not deliver policies directly, but acts as a champion and helps other departments and private sector bodies to carry out new measures. It had a two-year life, which was extended, and is being prepared for mutual status, to be partly owned by government and by another partner.

The team has pioneered a number of reforms and papers, which involves working with the private sector trying out different kinds of incentives for consumers to change behaviour (see [www.cabinetoffice.gov.uk/behavioural-insights-team](http://www.cabinetoffice.gov.uk/behavioural-insights-team)). There is also a paper on health (Cabinet Office, 2010a), which reports the work on smoking cessation, and a paper on charitable giving, jointly written with the Office for Civil Society in the Cabinet (Cabinet Office, 2011). Particularly influential was the report *Applying behavioural insights to reduce fraud, error and debt* (Cabinet Office, 2012), which highlighted a number of trials to reduce court fines and late payments on tax. Team members offer seminars across Whitehall to encourage the use of behaviour insights.

The team was influential in persuading the Driver and Vehicle Licensing Agency to require those who are renewing their driving licence to choose whether to agree

that their organs may be donated in the event of their death. The Behavioural Insights Team worked with the Department for Business Innovation and Skills (BIS) on a consumer empowerment strategy, *Better choices: Better deals* (April 2011) (Department for Business and Cabinet Office, 2011). The team worked with the Department of Energy and Climate Change (DECC) on energy saving, aiding the redesign of EPCs (Cabinet Office, 2011). In keeping with the theme of this article, not all the insights have to be 'soft' nudges. Rather than just finding new nudges, the team is interested in identifying low-cost measures that improve public policy and demonstrably work. One example is the midata programme, set out in the Consumer Empowerment Strategy, which arises from a partnership between government and providers, energy firms, mobile providers, search engines, banks, regulators and consumer groups. This gives consumers access, in a portable electronic format, to the data businesses hold on them, which can make it easier for them to switch energy supplier. Moreover, consumers can observe their spending patterns. Here the government is helping to change access to data, which is a regulatory change even the government is working cooperatively with the industry.

One of the key activities of the unit is its use of randomised controlled trials to test interventions, which has become more a feature of its work as the team has settled in and developed its approach. The team worked with Her Majesty's Revenue and Customs (HMRC) in February 2011 to pioneer different wordings for tax return reminders. Even though the letters are a nudge, they are carried out in the context of enforcement, which involves using the legal power of government.

Most of these activities involve a redesign of the provision of information, but which is closely linked to the other kinds of regulatory powers, such as the law or tax collection or IT systems. Overall, these policies show the close connection between the application of information-based ideas, but in the context of the redesign of standard services, such as enforcement. Even though many of these interventions are not currently about information technology, it is easy to see how they may be applied to an interactive form of provision under e-government (Margetts, 2006).

The next two sections are case studies of how conventional tools are in fact highly structured by the informational context. The first is a review of studies of tax effectiveness; the second sums up studies in restorative justice.

## Example 1: taxation

One problem with using taxes as a tool of government is that is not easy to control exactly what happens as a result of the policy. Government may aim to do one thing with a new tax or a tax change, but something different often happens in the end. It is up to the individual or organisation to respond to the incentive, which is hard to tie to a preferred form of behaviour or to ensure the response is not just strategically designed to do the minimum to get the tax benefit. Also individuals may be inattentive to the incentives of the tax system. Much work in economics shows the lack of knowledge individuals have of their marginal tax rates (Lewis, 1982). If individuals do not know what their tax rates are, this effectively nullifies the effects of this instrument. In fact, people are aware of some tax rates. Research shows that tax rules tend to have an effect. For example, the timing of marriages has been found to be based on changes in marginal tax rates, as a study comparing changes in tax policy in Canada and England and Wales shows (Gelardi, 1996). But individuals often

respond as much to how the message is framed as the tax itself (McCaffery and Baron, 2003; McCaffery and Slemrod, 2006). The response depends on the presentation of taxes, in particular whether they are visible or not. For example, Chetty et al (2009) carried out a field experiment in the United States on the impact of sales taxes on supermarket purchases. For a three-week period in early 2006 they put prices posted on the shelf excluding the sales tax of 7.375%. At other times consumers were shown the taxes at the checkout. The result of showing the tax in the price tag reduced consumption by 8%.

The lesson of these kinds of study is that much depends on the way in which citizens receive the signals from the tax system (Mullainathan et al, 2009). Going back to the Earned Income Tax Credit (EITC), Chetty and Saez (2009) carried out an experiment that shows better information affects the take-up of the scheme. The experiment was on 43,000 tax filers from a major company in Chicago. Half were randomly allocated to a treatment group. The treatment was a two-minute explanation about how the EITC works from a tax professional, which was aimed at changing the understanding of the marginal incentives. The researchers found a higher take-up with the advice at the poorer end of the income distribution. The advice led to increases of the credit by \$67, and the treatment group was 2.9% more likely to report EITC amounts than the control group. Though the results were modest, the intervention was very cheap. It seems that taxes plus framing is a powerful combination.

## Example 2: regulation and restorative justice

There is large body of work that argues that persuasion and dialogue are at the heart of legal effectiveness. What matters is not just the passing of a statute and the application of sanctions, but how the law is understood by those whom it is intended to affect. For example, Bardach and Kagan (1982) argue that really tough regulatory regimes do not necessarily work. Studying the environmental enforcement in the United States, they find too tough an approach to enforcement undermines the cooperative relationships needed to implement policies effectively. A more flexible approach has a better chance of working. The classic work in this tradition is by Braithwaite (1985), who studied the enforcement of safety regulations for mines in 39 disasters across the world. He discovered that most accidents could be avoided if the law was obeyed, and the best way of getting there is better communication between the owners and the unions, perhaps through deliberative arrangements. Criminal sanctions would not work. This study looked at quantitative data as well as case studies. Braithwaite also reports the selection of pits each year for training, and shows how this affected safety (though this was a non-random selection and may have involved some self-selection on the part of the pits – the ones already well disposed to the reform). Legal penalties remain important. But sanctions should build up gradually after cooperation fails. Toughness should be followed by forgiveness. With its strong results and the passion of its author, this study helped to energise a research programme on restorative justice (see the review in Braithwaite, 2002).

There is a line of work in criminology that tests the efficacy of restorative justice ideas and measures. This is about seeking to provide an alternative to conventional forms of punishment in the criminal justice system. The argument is that conventional forms of legal regulation through sentences and fines tend not to lead to individual behaviour change, and people carry on offending as before. Getting the perpetrators

of crime to meet their victims may have a better effect. Note this is still a form of legal regulation, as offenders have to take these actions, but it works in a different way, which allows for more responsiveness. It can take place in different formats, such as through the offender and victim meeting each other when mediated by an expert facilitator, or it can be in a wider group involving families and other people affected – even communities. It has been adopted in a wide range of contexts, in the US, UK, Israel and South Africa (Shapland et al, 2006; Sherman et al, 2005). The core idea is that a suitable form of information provision can strengthen the effectiveness of legal regulation.

The move to examine alternatives or complements to top-down hierarchical approaches to regulation is called responsive regulation (Ayres and Braithwaite, 1992), which involves adjusting the regulatory regime and using a balance of approaches to get to the right result. This is sometimes called smart regulation (Grabosky and Braithwaite, 1986; Gunningham, Grabosky and Sinclair, 1998), which involves a careful assessment of the strategies open to regulators rather than jumping in with too strong an intervention. These new accounts of regulation have moved the debate forward. Rather than assuming top-down control works or leaving alone is best, it examines the different ways in which legal incentives can act upon a policy problem.

## Conclusion

The argument of this article rests on two linked propositions. The first is that there is a distinction between the provision of a tool of government, such as a law or new tax, and how the citizen or organisation receives information about it, which may vary in quality and transparency. This means that better kinds of communication affect the delivery of the policy, and this applies to all tools of government. The second is that the early generation of information studies, which showed modest effects, have been superseded by more sophisticated interventions that use the full range of psychological techniques and yield much stronger results. If both these claims are true, then governments should be able to craft information-smart tools into their interventions with the secure knowledge they can obtain better policy outcomes. And this is what governments across the world have been doing, especially in the UK since 2004. In this way, all tools are informational now because of this potential for recalibrating the instruments of the state.

One implication of the argument in this article is that the causal claims at the heart of the tools of government literature could be softened: it makes more sense to regard tools as closely allied in the way they communicate preferred forms of behaviour. Often there is little chance of compulsion working very well, or of incentives influencing behaviour, unless they are aligned with the preferences of the citizens or groups who are the targets of the intervention. As more and more of the activities of government are online and are being communicated through the internet, the potential for nudges should grow over time as governments start to realise their capacity to change the relationship between the citizen and the state. With digital-era governance as a likely end-point for most public agencies (Dunleavy et al, 2006), all tools really will be informational, if they were not already.

## Notes

<sup>1</sup> This article was first presented as a paper to the Colloque International, Les Instruments D'action Publique Mis en Discussion Théorique, 6–8 January 2011, Sciences Po, Paris, then at the *Policy & Politics* 2012 conference: 40 Years of *Policy & Politics*: Critical Reflections and Strategies for the Future, Bristol, 18–19 September. I thank the participants at both events for their helpful questions and comments.

<sup>2</sup> The author is a member of the panel.

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