**THE EMERGENCE OF GLOBAL BEHAVIORAL PUBLIC POLICY – DEVELOPMENTS OF AND WITHIN THE NUDGE UNIT**

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**ABSTRACT**

Behavioral Public Policy is an emerging and highly attractive branch of policy-making in the 21st century. The underlying promise of this kind of policymaking is that through conscious modification of decision architectures, individuals make better decisions and, in accumulated form, societal aims are reached. This paper focuses on the key institutions regarding behavioral public policy: The Behavioral Insights Team (BIT), colloquially referred to as the Nudge Unit. In order to analyze the phenomenon at hand, this paper will illustrate the different phases, developments, and transformations of the BIT as it started in the British Prime Minister’s Cabinet Office, then became an agency itself, and ultimately made the move into the free market terrain. This paper will describe how these organizational changes have influenced the BIT’s structure and work. Also, this paper wants to isolate beneficial factors which made the BIT’s success more likely – nationally in the United Kingdom as well as internationally. This paper will end on a critical note and outline future challenges of the BIT.

**Keywords:** behavioral public policy, Nudge, Nudge Unit, Behavioral Insights Team, BIT, COSU

# 1. Introduction

 In 2018, then German minister of health, Jens Spahn, proposed a change in organ donorship policy. Instead of actively choosing to become an organ donor – known as the opt-in model – Spahn proposed to implement an opt-out model, in which people start as organ donor by default and, as the name suggests, actively have to opt-out. Such changes have shown to have tremendous impacts as countries with opt-out models seem to have a higher amount of organ donors (cf. Johnson & Goldstein 2003). Such changes in public policy stem from a school of thought known as *Nudging*, in which decision architectures (cf. Thaler & Sunstein 2017) are actively modified aiming at a predictable change in decision outcomes. To generate these desired outcomes – nudge advocates often cite welfare and/or the public good as the desired outcome of such policies (cf. Thaler 2015, p. 325), a difficult concept at times (cf. Chater 2022, p. 8). Nudging utilizes knowledge which has been generated in the cognitive-psychological discourse, particularly bounded rationality, where the decision environment is seen as of equal importance as the cognition of the decision maker in relation to how decisions are made (Simon, 1990). Applying these psychological insights, nudges primarily modify the decision architecture[[1]](#footnote-1) (presentation of data, available comparisons etc.) and thereby exploit – taking the von Neumann’s and Morgenstern’s (1944) concept of mathematical rationality as a comparative framework – irrational decision-making. While the decision scenario has been altered with specific outcomes in mind, the original decision is left intact as no option has actively been forbidden, canceled or otherwise eliminated. As such, Nudging presents itself as *the third way* of policy-making as it – according to its advocates – neither caters to paternal nor free-market principles alone; the philosophy it aligns itself with has been coined “paternal liberalism” (cf. Sunstein & Thaler 2003). Even though Nudging and its associated philosophy has been criticized[[2]](#footnote-2) on multiple grounds (cf. Farrell & Shalizi 2011; for an overview: Neuhaus 2022a), Nudging has become a global trend which has been employed by governments all around the world (cf. OECD 2017). The first government agency which was able to bridge the gap between psychological research insights and governmental action has been the United Kingdom’s Behavioral Insights Team (BIT), also more colloquially referred to as *The Nudge Unit.*

 Nudging’s attractiveness stems from the implicitly articulated promise that “changing the environment in which people make choices can bring about significant changes in their behaviour at very little cost” (Doherty & Hallsworth 2017, p. 560) and, as such, “‘nudge’ is often seen as almost purposefully steering clear of trying to solve some of the world’s biggest and most complex social dilemmas” (van der Linden 2018, p. 208). Also, Nudge agencies – first and foremost the BIT (UK) – found a way to make the successes of policies visible as well as communicable, namely through the publication of randomized controlled trials – a procedure which originated from medicine (cf. Tröhler 2014) and relies on specific methodological[[3]](#footnote-3) as well as philosophical presumptions (cf. Neuhaus 2022b/in print). An RCT is a subset of clinically controlled trials (CCTs), in which groups which received a treatment are compared against groups without the treatment – a procedure which has been loaned from medicine and sometimes even being referred to as the methodological “gold standard” (Thaler, 2015). Delaney (2018, p. 184) on the matter: The “BIT has become synonymous in the last decade with site-specific randomized controlled trials (RCTs) and some of their early trials attained an exceptional degree of media and public policy profile. This clearly helped to promote the development of the behavioural literature in policy […]”. Considering the aspects outlined prior, it can well be argued that *Nudging* constitutes an emerging and – at least from government’s perspective – highly attractive trend in policy-making. Most of the governments which adopted Nudge approaches even formed Behavioral Insights Teams themselves, government-related and/or government-operated consulting entities (cf. Lourenço et al, 2016) which help national government agencies to *improve* given decision architectures across different political domains (cf. i.e. Golodnikova, Tsygankov & Yunusova 2018). Despite these ‘nudge units’ diversifying and being named differently around the globe, each of them have been inspired by the Behavioural Insights Team (BIT) in the United Kingdom (UK) (Ball, Hiscox & Oliver 2017, p. 21). In other words: The United Kingdom’s Behavioral Insights Team has been the blue print for multiple other agencies which consult governments to implement behavioral public policy and thereby has increased the distributional pace and scope of this extremely attractive – and as of today, global – trend.

 Therefore, this paper investigates the history and coming-into-being of the original Behavioral Insights Team. Even though the BIT has formally been established in 2010, the BIT has a backstory which reaches well into the mid-1990s. This paper does not just want to illustrate the development of what should later become the Nudge Unit but also identify windows of opportunities as well as favorable conditions which have contributed to the establishment and emergence of the BIT. As such, this paper can be read as a commentary on the development of newly emerging government agencies and also as a study on the history of institutions and, with them, ideas; in this case the idea that decisions can be improved by external (and psychologically informed) modification of decision-architectures. Arguably, Nudging can be considered the latest trend in a chain of events which could be framed as the “psychologization of politics” under a neoliberal paradigm (Miller & Rose 1994). In order to reach its aims, this paper will follow a threefold structure: Firstly, it will outline the organizational changes the United Kingdom’s Behavioral Insights Team has undergone; these changes will be connected to contextual factors within British politics (section 2). Special attention will be dedicated to two central reports authored by the *Cabinet Office Strategy Unit* (COSU), which can be considered the BIT’s predecessor. Also, the transformation of the COSU into the BIT will be discussed with special investigation of how and why the BIT has turned from a government-run agency to a private sector consultancy. Further, this paper will try to identify “windows of opportunity” (Neuhaus, Jacobsen & Vogt 2021) within the British context which made the establishment of the Nudge Unit possible. Special focus will also be dedicated to the ways of how the Nudge Unit (as well as its predecessors) created and used these windows of opportunity. Secondly, this paper will outline favorable factors and conditions which have enabled the BIT to emerge within the British context but also to sell its expertise abroad and thereby contributing to the emergence of global behavioral policy (section 3). This paper will close with a summary of its key findings but also with the identification of new twists and turns from within the Behavioral Insights Team (section 4).

**2. Developments of and within the Behavioral Insights Team (BIT)**

 The following subsection will illustrate, contextualize, and discuss the development of the United Kingdom’s Behavioral Insights Team (BIT), as well as its predecessors. The history of today’s Nudge Unit officially starts in 2002, founded and branded as the *Cabinet Office Strategy Unit (COSU),* which has gradually transformed with regard to its name and its scope, (internal) organization, mission, and, ultimately, action. However, the history of the Nudge Unit would be incomplete without a brief description of the dynamics preceding the establishment of the *COSU.* According to Geoff Mulgan – founder and director of the *Demos[[4]](#footnote-4)* think tank and later Chief Executive of the *National Endowment for Science, Technology and the Arts* (NESTA) –, the United Kingdom’s administrative branches had already conducted seminars on irrational decision-making and its implication for politics (cf. Jones, Pykett & Whitehead 2013, p. 25) in the mid-1990s, in the midst of the New Public Management era (cf. Manning 2000). In these seminars, external expertise – primarily from the field of psychology, economics, and public policy –was explored, and discussion regarding the implication of behavioral science for existing procedures and processes ultimately spread among (selected) groups of civil servants. The experts, which primarily came from the United States and Great Britain, discussed theories and empirical evidences which are located outside the realm of neoclassical theory (cf. Straßheim 2017) and the results of these gatherings have been synthesized in Demos’ *Missionary Government* Report (cf. Jones et al 2013, p. 25; Straßheim 2017). Anticipating the Behavioral Insights Team’s later endeavors, the pronounced missions of these early stage seminars has been to find and/or develop “power tools open to government for changing behaviour“(Perri 6 et al. 1995) as “[g]overnments [have] accept[ed] they cannot rely on issuing commands or creating incentives; they must deal directly and engage with the citizen, whose participation helps to co-produce public outcomes” (John, Smith & Stoker 2009, p. 368). These early tendencies have gradually been developed, systematized, and institutionalized, yet the aim and scope should remain the same as the organizations stemming from this initiative were supposed to orient their work primarily on current government’s political problems (cf. Rutter 2015). The following sections illustrate, contextualize, and discuss these developments, starting in 2002 with the establishment of the above mentioned COSU. Yet, one key critical pre-condition to the establishment of the COSU has been the New Labour Party’s re-election in 2001 which allowed the British government to approach the topic of, what should later become, the behavioral public policy more systematically (cf. Straßheim 2017).

* 1. **Tony Blair’s *Cabinet Office Strategy Unit* (2002-2010)**

 As argued earlier, the COSU has been established as a result of the shared and synthesized expertise gathered in the mid-1990s. However, as this section will show, the work of the COSU should be considered a more structured, systematized, and goal-directed effort. In its eight years of existence (2002 – 2010), the COSU was led by three different directors. First, from 2002 to 2004 by Geoff Mulgan who also served as director for the *Demos* think tank mentioned above. Then from 2004 to 2009 Stephan Aldridge was head of the COSU, he was later succeeded by Gareth Davis (2009 – 2010). Tony Blair, under whose leadership the COSU was established, described its mission as the following: “Look ahead at the way policy would develop, the fresh challenges and new ideas to meet them” (2010, p. 339) – a rather trivial description which could be applied to a plethora of other administrative branches and endeavors. Yet, the COSU has been linked directly to Blair’s operations (cf. Vlaev et al. 2016, p. 551) which underlines – trivial mission statements apart – its importance or, more precisely at this stage, its expected potential. In order to set up the COSU, experienced civil servants who had knowledge of and/or a background in the field of decision science/cognitive psychology were recruited to work for the COSU. The focus of this kind of work was primarily set on specific problems and potential solutions generated, and/or inspired, by psychological insights. Due to its rather loose organization – the COSU recruited experts from different administrations, universities, consultancies, or think tanks on a project basis –, the size of the COSU varied across time. In its eight years of existence, the COSU published more than 130 reports on a plethora of problems as well as potential solutions. In order to characterize the COSU’s work, this paper will focus on two key reports: The *Personal Responsibility and Changing Behaviours* Report(2004) as well as the *MINDSPACE* Report (2010). These reports are crucial as they have exercised tremendous influence on Great Britain’s politics, set the tone for future endeavors, but also highlight the ways of how the COSU (and later the BIT) works.

*The Personal Responsibility and Changing Behaviours Report*

 Generally speaking, the *Personal Responsibility and Changing Behaviours* report analyzes and outlines the potential usages of effects, biases, and heuristics as isolated by cognitive science and behavioral economics (cf. Jones, Pykett & Whitehead 2013, pp. 28-33). However, the report does more than just summarize existing literatures and outline the potential applications of these. The COSU develops a specific understanding of how governments and citizens are supposed to be related to each other as the state is, following the report’s logic, compelled to install better decision architectures in order to enable people to “take control and act in their own best interests as goods in themselves. Other things being equal, they [the citizens] see it as better for governments to empower citizens as much as possible rather than making decisions on their behalf” (COSU 2004, p. 3). This kind argumentation can be traced back to a paper authored by the Cass Sunstein and Richard Thaler – both later went on to write the book *Nudge* (2017) and can thereby be considered key figures of the entire Nudge movement – entitled “Liberal Paternalism is not an Oxymoron” (2003). In this publication (cf. 2003, p. 1161), Sunstein and Thaler argue that given decision architectures are tilted in such a way that people cannot express their actual preferences. Only the conscious modification of a given decision architecture would enable people to act in accordance with their preferences. Further, the COSU report indirectly refers to and perpetuates the understandings of liberal paternalism. Based on this observation (among others), Straßheim (2017) argues that the COSU orients itself strongly on the argumentations and approaches as brought forward by American authors.

 Apart from the specific content, the form of the report is also quite telling regarding the COSU’s work as it consists of multiple persuasive techniques and breaks with conventions of classic government reports. Even though the report does summarize research results, its structure and tone differ tremendously from conventional government documents of the time. Firstly, the report tries to set itself in line with Great Britain’s liberal tradition – “[t]here are strong moral and political arguments for protecting and enhancing personal responsibility (COSU 2004, p. 3) – just to reinterpret liberalism in the spirit of liberal paternalism. Secondly, it argues for individual responsibility as “governments can’t do it alone” (ibid.) and, thirdly, focuses on the cost-effectiveness of behavioral interventions as they are “better and cheaper” (ibid.) than the alternatives. All three take-aways of the report – appealing to liberalism, individual responsibility, and fiscal responsibility – can be considered key areas of conservative parties. Interesting then that the COSU was founded under Tony Blair and by the New Labour government (traditionally left leaning party in the UK). Therefore, it can be argued that the COSU has tried to present itself as a bipartisan project from its early days onwards, mirroring new Labour’s, and Blair’s, centrist approach to politics.

 Regarding the reports structure, multiple aspects can be mentioned. It summarizes existing literature on the topic, yet it also presents ways in which theory can be transformed into policy (cf. COSU 2004, p. 4) and then exemplarily presents areas in which behavioral policies may have application to welfare issues such as health, work, crime and education (ibid.). Lastly, the report also considers challenges to the establishment of behavioral policies and how these could be mitigated. Generally speaking, the report can already be considered a consultancy product at this time as it presents a complete framework as well as ways of application – a style later reports will continue to perpetuate (see below). To call this report a product is also legitimized through its persuasive tone as multiple (extremely relatable) examples are given, sympathy for policy-makers is shown, academic authority is exercised, a plethora of rhetoric questions are asked, and the product at hand is presented as the only (at least sustainable) way out of the illustrated problem – all of these being strategies primarily applied by marketing and advertisement (cf. Cialdini 1999). Ironic then that a report that hopes to promote Nudging techniques seems to have utilized psychological insights to persuade its audience. Consider the report’s introduction (COSU 2004, p. 5):

 “Almost all of us have occasionally dropped a piece of litter. At the same time, most of us would prefer to live in clean, litter-free environment. So, what should the policy response be? A range of options are open. Governments could greatly increase the fines for littering. They could make it a high police priority, perhaps funding large numbers of neighbourhood wardens and CCTVs to catch offenders. Governments could use economic instruments: introducing taxes on wrapping, cans and bottles, perhaps subsidising recycling of all such disposable materials to ensure that our streets were picked clean by companies and individuals responding to market forces. Governments could pursue a strategy of persuasion: advertising campaigns, road-shows, and the issue of littering as part of citizenship education – while perhaps also increasing the number of litter bins. Or Governments could just pay for the streets to be swept more often. The ideal is to reach a position where there is no need for public expenditure on littering – either through street sweeping or enforcement – because people simply do not drop litter. To get to this point may require considerable behavioural change, but the eventual aim is to entrench a habit of personal responsibility and restraint, and a self-sustaining social norm. Behaviour change often – if not always – lies at the heart of complex policy issues. Just as in the apparently simple example of littering, there are generally many possible policy levers that could be applied – at least in principle.”

*The MINDSPACE Report*

 As argued earlier, the COSU – as well as its successor, the BIT – can be considered a crossover project consisting of experts from a number of areas, including but not limited to policymaking, administration, science, and consultation. The involved actors have been recruited from national but also international agencies, a fact which also influences the COSU’s scope. The different inputs and background of the COSU staff also manifests itself in its, arguably, most powerful report, the MINDSPACE report. MINDSPACE is an acronym reflecting the central foci of the report: Messenger, Incentives, Norms, Defaults, Salience, Priming, Affect, Commitments, and Ego. Also, the dimensions of the acronym are presented as a checklist for policymakers to consider these if they want to create successful legislation (cf. Dolan et al. 2010, pp. 7-8). Similarly to the *Personal Responsibility and Changing Behaviours* report, MINDSPACE does more than just summarize and present research result. According to Straßheim, Jung, and Korinek (2015, p. 6)MINDSPACE establishes benchmarks and criteria for how the public sector apply behavioral and psychological approaches. In other words: The report defines which policies counts as successes, how they are supposed to be measured, and ultimately, how they should be realized. Combined with best practice examples and strategically selected comparisons, the report creates a decision architecture itself (cf. Thaler, Sunstein & Balz 2014) by establishing referential frames, indicators, anchor values (cf. Festinger 1954; Tversky & Kahneman 1974), and modes of assessment. Therefore, it can be argued that the MINDSPACE report form and function go hand in hand. Straßheim (2017, p. 7) argues in similar fashion when he describes how the report connects research insights and political interventions. These intelligently modified decision architectures are also presented in simplified as well as visually attractive ways, making it easy for policymakers and politicians to comprehend on a basal level. MINDSPACE’s structure and approach would later become the model for many international spin-offs and, thereby, set the standard for behavioral public policy (cf. Straßheim 2017, p. 7). With regard to content, the report does not differ from the *Personal Responsibility and Changing Behaviours* report as the key argumentations – cost-effectiveness, personal responsibility, and the public good – remain the same. However, MINDSPACE should be considered an improved, condensed, highly-concentrated, and more strategically-oriented report compared to its predecessors. Also noteworthy is the fact that MINDSPACE refers more clearly to its intellectual foundations, namely the works of Daniel Kahneman, Amos Tversky, Cass Sunstein, Richard Thaler, as well as the social psychologist specialized in persuasion, Robert Cialdini. This could, in part, be explained by the fact that Richard Thaler – and arguably with him, a tremendous amount of domain specific knowledge – joined the COSU’s cause in 2008/2009 (cf. Thaler 2015, pp. 330-335).

 When looking at the two discussed reports – and through them, at the COSU’s work and development –, it can be argued that the COSU professionalized itself tremendously within the discussed timespan. Even though the general tendencies, procedures, argumentations and approaches remain relatively stable, the COSU developed ways how to communicate its approach/product more effectively to policymakers. Pykett and Hallsworth (cf. 2011, p. 370) argued regarding the MINDSPACE report that it is not just about changing citizen behavior but also about the mindset of policymakers. This is a tendency which can be traced back to one of the COSU’s earliest efforts/reports, as the authors applied psychologically generated insights, not just to solve problems at hand, but also to communicate these results effectively to policymakers. The Nudge Unit’s precursor employed Nudge-inspired strategies to persuade policymakers to comply to behavioral public policy. MINDSPACE remains a highly cited government paper and also a blueprint for governmental efforts to install behavioral public policy internationally. Looking at the times from 2002 to 2010 retrospectively, the COSU’s efforts can be considered a phase of consolidation (of relevant stocks of knowledge) as well as exploration of how these insights can be applied in form of government action.

* 1. **From the UK into the World – The** **Behavioral Insights Team (2010 – present)**

 In 2010, the New Labour Party (and then Prime Minister Gordon Brown, Blair’s successor) lost the election and were replaced by a Conservative-Liberal Democrat coalition led by then Prime Minister David Cameron. While Great Britain experienced a change in politics, Cameron did not dissolve his predecessors COSU project but, surprisingly, founded the Behavioral Insights Team (BIT) into which the COSU has been integrated[[5]](#footnote-5) (cf. Straßheim 2017, p. 7). The key change which came with the organizational transformation has been that the BIT became an autonomous entity (or, more precisely, unit) and was no longer part of the Cabinet’s Office (cf. Bennhold 2013). However, the newly founded BIT also experienced some – from its perspective – less appealing changes as it started with a small team, few budgetary resources, and without a guarantee of its “continued existence” (Halpern 2015, p. 55). The organization which used to be the COSU avoided its dissolution by becoming a different unit, yet it was cut to seven employees, a budget of 520.000 pounds, and still faced the threat of being dissolved at a later stage. Arguably, the BIT’s expenses were perceived as “almost zero risk” (Curtis 2011) by the new government while – at the same time – having huge potential upsides. While the organization, conceptualization, and realization of Nudge policies can be considered a relatively cheap endeavor, another factor should also be considered when discussing the continuation of the COSU/BIT. The BIT’s prior Chief Analyst and later Chief Executive, David Halpern (cf. BIT 2019b), lobbied multiple political stakeholder and tried to convince them of the BIT’s necessity and upside. In the course of these lobbying efforts, Halpern reached “the heart of British government” (Halpern 2015, p. 9) or, more precisely, got “behind the shiny door of No. 10” (ibid., 185) to convince the highest policymakers of what should later become the Nudge Unit. Following the COSU’s proclaimed intention, the BIT has been established to produce policies which are “more focused on the inner circle of 10 Downing Street” (Campbell 2017, p. 113). In the following, two distinctive episodes will be discussed: From the years 2010 to 2012/2013 and from the year 2013 onwards. The first episode can be considered a proof-of-concept phase in which the BIT – referencing many of the COSU prior works – demonstrates its effectiveness, upside, and potential, while the second phase can be considered the global roll-out. Also, the BIT underwent another transformation in between these two phases as it was turned from a government agency into a private consultancy in 2013.

*The BIT’s proof-of-concept phase (2010 – 2012/13)*

 Even though the Conservative-Liberal democrat government was comparatively critical regarding the BIT and its work, its funding was continued, yet in the terms described above. In the following years, the BIT continued its inner-governmental consultancy work and benefitted greatly from the associations it had established prior, such as with the *Department for Environment, Food and Rural Affairs (DEFRA),* the *Department for Work and Pensions (DWP)* and also from institutions in the fields of education, environmental protection, or health care (cf. i.e. DEFRA 2008). However, the BIT also experienced harsh criticism (i.e., in the form of a review articulated by the *Science and Technology Select Committee),* which among other points of criticism was primarily skeptical regarding its testing methods/methodology, as the committee argued that the BIT was “overly relying on novel behavioural interventions, even if little tested” (Kuehnhanss 2018, p. 18). Generally speaking, in the times between 2010 and 2012/13 the BIT had been contested but, at the same time, was fighting for its continuation. One key activity as well as arguably its biggest upside at the time has been the consulting of different branches of government which helped the government to save millions of pounds each year (cf. Wintour 2013). Parallel to these more hands-on-activities, the BIT – or more precisely, parts of its staff[[6]](#footnote-6) – published a tremendous amount of research in relevant as well as internationally visible journals. The published articles offer a tremendous amount of insight on the application-based side of behavioral economics/Nudge theory, yet they can also be read as attempts to advertise the BIT’s work as the following (exemplarily) quote illustrates: “We explain how policy makers can use MINDSPACE to improve the effectiveness of existing and new behaviour change policies. The need for robust evaluations of interventions is made clear, with a recommendation that policymakers work with academics to ensure the effectiveness and cost effectiveness of interventions that apply these insights” (Dolan et al. 2012, p. 265) – the references of prior works conducted by the COSU/BIT appear rather obvious and the BIT is named as the key actor in the field. As such, it can be argued that the BIT’s staff attempted to position the BIT as the central organization if one wants to learn about Nudging. Also, the BIT as well as the associated persons present themselves as the institution which can help governments to a) solve its problems and b) close the gap between research/science and governmental action. Thereby, it can be argued that BIT pursued four central aims in the timespan between 2010 and 2012/13. Firstly, the BIT attempted to demonstrate its effectiveness in the United Kingdom. This demonstration of effectiveness even went so far that in the United Kingdom that policy makers were expected to have some training in the behavioral sciences (Cabinet Office 2012, p. 17). Secondly, BIT endeavored to position itself – through efforts of continuous publication – as the epistemological authority in the newly emerging field of behavioral public policy. Thirdly, the BIT hoped to advertise the entire endeavor of behavioral public policy through impactful publication, enhanced media efforts[[7]](#footnote-7) (cf. Benedictus 2013), as well as supranational networking on the governmental but also think tank level (cf. John 2019, pp. 4-5). Notably, Cass Sunstein – one of the authors who developed the idea of Nudging as well as liberal paternalism – joined Barack Obama’s consumer protection agency and also implemented nudge policies in the United States, thereby creating momentum for the entire topic. Fourth and lastly, the BIT also attempted to set the standards for behavioral public policy, at least in terms of methodological considerations. John (2013, p. 259) suggested the following on the matter: “One of the key activities of the unit is its use of RCTs to test out interventions, which has become more a feature of its work as the team has settled in and developed its approach. To this end, the team published in 2012 Test, Learn, Adapt: Developing Public Policy with Randomised Controlled Trials. Written with academics, this is a guide about how to do experiments.”

 Arguably, the relatively high *return of investment* combined with moderate financial risks attached to it (the BIT had seven employees and roughly a half million pounds in its budget), let the BIT appear as an interesting case for other governments, consultancies, and private actors (cf. Benedictus 2013). Thee BIT positioned itself as the “global leader, if one wants to learn how to use nudges“ (Oliver 2013, p. 692). Due to this, the BIT did not just create a new market – the market for behavioral public policy consulting – but also created demand within that market. As demand has been created and the product has already been designed and advertised, the BIT was privatized in 2013, just two years after having been negatively evaluated by the British Science and Technology Selection Committee. In terms of equity, the cabinet, the BIT’s staff, as well as NESTA, each hold a third of the company (cf. UK Government 2019). With regard to its legal structure, the BIT has been turned into a *social purpose company* to enable the step into the free market economy. The then minister, Francis Maude, comments the BIT’s transformation as the following (qtd. in Wintour 2013): "It's great news that the world-renowned 'nudge unit' is spinning out from central government. As a mutual they will combine the benefits of private-sector experience and investment with the innovation and commitment from staff leadership.” As argued earlier, this phase can be considered a proof-of-concept phase in which the viable product is applied, tested, evaluated, and ultimately advertised. As it could be shown in the prior sections, this proof-of-concept phase was highly dependent on the COSU’s previous works and also references these extensively. Once the viable product has passed all necessary tests and has created demanded in the market, the “second phase[[8]](#footnote-8) of standardization and internationalization” takes place, in which “blueprints of behavioral tools travel to very different contexts where they are implemented and reproduced by highly divergent sets of actors. Global standards and practices of professionalization transform the small community of experts into a global industry of policy instruments” (Straßheim 2020a, p. 5). How these developments have transformed the BIT and how the BIT has responded to these challenges and chances will be discussed in the following section.

*BIT Goes Global – The Worldwide Spread of Behavioral Public Policy*

 The BIT’s privatization marks a major step in the institution’s development and transformation. This development can also be observed in spatial terms, while the COSU was accommodated in the Cabinet Office and the BIT operated in government buildings, the BIT had branches in London, Manchester, New York, Singapore, Sydney, Paris, Washington, Toronto, Wellington, and a branch for the Latin American and Caribbean region. In short: everywhere its expertise is demanded on a long-term basis. Parallel to this spatial diversification, the BIT’s revenue streams multiplied as roughly 40% of its 14 million pounds annual revenue was generated outside the United Kingdom (cf. Quinn 2018). Furthermore, the BIT’s expertise was, and is, demanded globally and the BIT gradually began to operate worldwide, with more than 30 governments applying behaviorally-inspired policies (cf. OECD 2017). However, the BIT’s new freedoms do not stop at housing arrangements as its staff expanded tremendously from the initial seven to a couple hundred in late 2019 (cf. BIT 2019a). The majority of the BIT’s staff consists of economists, statisticians, and psychologists but also natural scientists, medical professionals, political scientists, or administrators can be found among their ranks (cf. BIT 2022a). The prevalence towards the mentioned disciplines arguably stems from the fact that the BIT is highly dependent on RCTs and, as such, requires staff which are generally good with numbers and statistics. Generally speaking, the BIT’s staff can be divided into two parts: 1) permanent staff; and, 2) academic affiliates (cf. ibid.). The permanent staff covers the BIT’s 5 key areas of Capacity Building, Data Science and Analysis, Solution and System Design, Strategy and Policy Advice, and Testing and Evaluation (cf. BIT 2022b) with academic affiliates filling the voids and/or providing special expertise for specific purposes. As such, it can be argued that the BIT’s hiring practices are extremely pragmatic, goal-oriented, as well as flexible and fluid – features which are usually associated with think tanks and other consultancies.

 Due to its global expansion, the history of the BIT can no longer be told following individual reports or works. Nonetheless, notably the BIT updated its MINDSPACE report and condensed it into its four most important dimensions: EAST (Easy, Attractive, Social, and Timely). Currently, the BIT, using its EAST report to set guidelines, has more than 120 clients. Their client basis primarily recruits itself either from government-related institutions and agencies, NGOs, or private/free-market actors (cf. BIT 2022c). Arguably the latest development regarding the Nudge Unit occurred on December 13, 2021, when “Nesta, the UK’s self-proclaimed ‘innovation agency’, announced that it acquired Behavioral Insights Limited (BIT) – previously known as the UK´s ‘Nudge unit’ – for the sum of £15,4 million” (Decuypere & Hartong 2022). Considering these developments, it can be argued that the BIT’s prior developmental stages – consolidation (of knowledge and expertise), proof-of-concept, and global roll-out – have been followed by a final development: monetarization. Also, this move closes the circle, as Geoff Mulgan – head of the *Demos* think tank which kicked off the cross-fertilization of psychological research and politics in the mid-1990s–, did not just lobby to establish and continue the COSU/BIT but they also served as Chief Executive of NESTA, which first held a third of the BIT and now owns it completely.

1. **Behavioral Public Policy Going Global – Beneficial Factors**

 As shown in section 2, the BIT, as well as its predecessors, have been highly successful, a success which manifests itself in financial terms and also in global expansion. Following the inner workings of the COSU/BIT, as well as their entanglement in larger political institutional patterns, this section wants to offer explanations as to why behavioral public policy – and with it, the institutions selling this kind of expertise – have been, and arguably still, are on the rise. The here offered explanations are by no means finite and should primarily be read as suggestions to partly explain the global emergence of behavioral public policy. The following section will be split into two. First, beneficial factors from the United Kingdom will be presented; this first section should be read as an add-on to the development in section 2. Second, beneficial factors facilitating behavioral public policy’s global emergence will be presented and discussed.

*Beneficial Factors in the United Kingdom*

 As it has been shown, behavioral public policy can be traced back in the United Kingdom to the mid-1990s. Earlier in this paper, it has been argued that the 1990s were the heydays of new public management approaches which follow a rather strict neoliberal paradigm and primarily legitimize themselves on the basis of being more economic, more efficient, and/or less costly (cf. Cowen 2021). It is exactly these two dimensions – what counts as success and how do we want to get there –, which can be considered beneficial factors for the Nudge endeavor. As argued by Straßheim, Jung, and Korinek (2015, p. 11), the *Personal Responsibility and Changing Behaviours* report (2004) was written in a time when “unintended side effects of radical public sector privatization and the paradoxes of public sector modernization became visible and officials were seeking for new ways to gain legitimacy”. The old mantra of external incentives – as one key New Public Management measure – produced unintended consequences (cf. Angrist & Acemoglu 2001) which, in turn, produced results being contrary to the intended mission (underfunding schools due to weak performance, which then performed worse due to a lack of funds; a self-fulfilling prophecy in action). With individuals and institutions acting against their intended mission, public perception of government’s effectiveness was relatively low at the time being. The second dimension, ‘what counts as success?’, can be considered key as evidence-based politics at the time was considered “the latest form of inertia and control” (Healy 2002) as elites tried to define what evidence is (cf. Marston & Watts 2003, p. 158). Some even go so far to characterize the time as “policy-based evidence making” (cf. Sanderson 2006). In such an emotionally charged environment, the public demand for transparency was relatively high and governments attempted to avoid blame (cf. Hood 2007).

 Considering these factors, it can be argued that Nudging’s straightforward methodology (RCTs), as well as its relatively easy to communicate results (X is Y% better than Z, therefore it works at a given cost) have been perceived as a way out of a political tug-of-war, in which even evidence used to be a contested term (and fitted New Labour’s post-ideological mindset). Also, Nudging as the third way between laissez-faire economics and governmental overreach was probably an easy-to-sell argument as the other two have produced subpar results in the past and did not stand high in the public opinion.

*Beneficial Factors for Nudging’s Global Emergence*

 When looking at the global picture, this paper wants to offer three potential explanation for Nudging’s global emergence. Firstly, it can be argued that behavioral public policy/Nudging can be considered a vehicle expertise as it helps already specialized fields to create decision architectures to reach their scientifically justified goals. Nudging can help medical doctors to make less errors with prescription due to unclear handwriting (cf. Thaler/Sunstein 2017), yet the original expertise (what to prescribe) remains intact. As such, Nudging operates at the politics-science nexus and thereby experiences high degrees of legitimacy (cf. Straßheim 2017). Further, and in the same line of thought, Nudging also feeds into the (Western) narrative according to which knowledge, education, and science improve the lives of many and produces progress in relation to health and wealth (cf. Taleb 2018, p. 165; Hariri 2019). Additionally, due to the given circumstances, the community of researchers (from the fields of psychology and behavioral economics) experienced great acceptance with Daniel Kahneman and Richard Thaler winning the Nobel Prize for Economics in 2002 and 2017, respectively, and thereby adding even more legitimacy to the entire endeavor. Summarizing, it can be argued that one key factor for the global emergence of behavioral public policy has been the very well connected and highly prestigious group of researchers from which the field of behavioral economics consists of. This group can be considered an epistemic authority in and of itself, which operated within their domain of competence but was (perceived as) able to help other professions to realize their goals more effectively.

 As it could be shown elsewhere (cf. Neuhaus 2022b), the idea of evidence-based science stems from the field of medicine (cf. Clardige & Fabian 2005) and is based on the systems approach (cf. Bertalanffy 1972) which became the dominant scientific paradigm in the 1960s and early 1970s (cf. Tröhler 2014). Until the very day, evidence-based science – and first and foremost RCTs– is considered the gold standards only to be topped by systematic (meta-) reviews (cf. Murad et al. 2016, p. 126). Simultaneously, the COSU/BIT, as well as further Nudge advocates, have been very keen to establish a clear methodological basis which, in large parts, is based on the idea of RCTs. Therefore, it can be argued that institutions promoting behavioral public policy located themselves, methodologically speaking, in the well-accepted mainstream; a fact which definitely help the entire project to gain legitimacy and expand globally.

 Lastly, it should also be noted that the global emergence of behavioral public policy took place in 2012/13. During these times, the idea of self-regulating markets as generators of positive outcomes had suffered tremendously due the financial crisis of 2010 has – at least in the public eye (cf. Lewis 2012). The ironic twist that multiple rational (revenue generating) decisions resulted in a global crisis in which private banks require public support did not resonate well with the public, or policymakers for that matter (cf. Straßheim 2017). It should come as no surprise then that a framework which argues that human beings sometimes do not act in their best interest was not just highly accepted but also seen as a solution to multiple problems.

 As said, none of these factors alone can explain the emergence of behavioral public policy in the United Kingdom, nor globally, yet they should be considered to understand behavioral public policy as the proverbial idea whose time has come. This paper assumes that more beneficial factors were at play (especially when considering diverse, global settings), something which future research aims to target.

1. **Summary, Re-Perspectivation, and Blind Spots**

 As this paper was hopefully able to show, the idea that governments should modify decision architectures and improve them in order to generate better results for citizens and governments alike can be, at least for the British context, traced back to the mid-1990s. Also, this paper was able to illustrate and analyze the developments and transformations of one of behavioral public policy’s key institutions. In this process, the COSU became the BIT which – after a short period of insecurity – became a global consultancy and, in late 2021, has been fully privatized. Thereby, the BIT constitutes one of the few examples in which a government agency operated so successfully that its services had a chance in the free market. Instead of repeating key insights of this paper, some risks and later tendencies should instead be discussed briefly. Critics of the BIT see the risk that the institution becomes “theoretically empty” and “gimmicky” (Oliver 2013, p. 695 & p. 699) as the BIT primarily relies on persuasion (cf. Mols et al. 2015) to reach its goals. While theoretical emptiness and one-sidedness (i.e., a reduction on economic goals, cf. Oliver 2013) may be serious issues destroying the BIT’s legitimacy and public appeal, there may be another level of reflection necessary to perceive the institution’s key problem. As shown by Straßheim (2020b), a silo-mentality within the BIT could develop which then, in turn, detriments the decision architecture and ultimately the work of the BIT. Hallsworth et al. (2018, p. 8) argue in similar fashion when stating that “elected and unelected government officials are themselves influenced by the same heuristics and biases that they try to address in others.” That could very well lead to scenarios in which even the nudgers are nudged. As it could be shown in this paper, the COSU as well as the BIT have employed nudge tactics in their reports to communicate insights and recommendations with policymakers more effectively. Yet, these relatively new dynamics suggest that no one is safe from a tilted decision architecture – a circumstance which requires on-going, continuous, and recursive reflection as “at the heart of nudge is a basic paradox: It assumes bounded rationality, but offers a comprehensive vision of rationality to address problems caused by bounded rationality” (Lodge & Wegrich 2016, p. 253). Time will tell how well the Nudge Unit addresses the problem of bounded rationality within their own ranks. Or, once they have solved the problem and present their RCTs on the matter, turn their insight into yet another consultancy product.

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1. Over time, the strictly cognitive focus of Nudge measures has been extended as nowadays decision architects also employ insights from sociology, social psychology, or linguistics to modify decision scenarios (cf. Neuhaus 2020) [↑](#footnote-ref-1)
2. A key criticism has been the aspect of transparency, or as Feitsma (2019, p. 38) argues: “one may wonder how representative this behavioural policy frontstage is for what actually goes on backstage when policy actors try to feed behavioural science into their organization.” The different branches of criticism have been summarized by Neuhaus (2022a). [↑](#footnote-ref-2)
3. These methodological presumptions particularly gained importance in the course of the Covid-19 pandemic in which many governments employed nudge-related and/or nudge-inspired policies as well as strategies (cf. Neuhaus 2022c; Neuhaus & Großjohann 2022) which then – due to their methodological “brittleness” (Schmidt & Stenger 2021) – showed subpar results when being confronted with messy real-world scenarios. [↑](#footnote-ref-3)
4. Demos can be considered a think tank related to the ideas and ideals of Great Britains Labour Party. NESTA on the contrary is a foundation which – once the BIT has been privatized and turned into a consultancy – holds equity in the Nudge Unit. The exact developments surrounding this legal move will be discussed later in the paper (section 2.2.) [↑](#footnote-ref-4)
5. The COSU’s funding was stipulated by the New Labour Government until 2010. In 2010, the COSU’s future was decided by a different government, yet the advantage of having the new government before being re-evaluated cannot be overestimated for the COSU’s (or then BIT’s) continuation. Ironically, such a procedure also qualifies as a change in the decision architecture as human beings tend to feature a status quo bias (cf. Kahneman 2012; cf. Thaler 2015). This effect describes that human beings add a premium on goods (but also on settings or institutions) depending on ownership. [↑](#footnote-ref-5)
6. First and foremost, three researchers published significantly on the BIT’s successful operations: Ivo Vlaev, Dominic King, and Paul Dolan. [↑](#footnote-ref-6)
7. This coincided with the publication of the bestselling book *Nudge* by Richard Thaler and Cass Sunstein which definitely gave the BIT a boost as it was positively mentioned throughout the monograph. [↑](#footnote-ref-7)
8. Straßheim (2020) sees the establishment of communities of research/expertise as the first phase in the process. While such a description is valuable (and is here covered in the section on the COSU), it neglects the market mechanisms (creating a product, advertising it, and creating demand for it) which ultimately led to the privatization of the BIT. [↑](#footnote-ref-8)