

Macat



Library

A MACAT ANALYSIS

RICHARD H. THALER &  
CASS R. SUNSTEIN'S

# NUDGE

IMPROVING DECISIONS  
ABOUT HEALTH, WEALTH  
AND HAPPINESS





An Analysis of

**Richard H. Thaler  
and Cass R. Sunstein's**

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**Nudge**

**Improving Decisions about Health,  
Wealth, and Happiness**

Mark Egan



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[www.makat.com](http://www.makat.com)  
[info@makat.com](mailto:info@makat.com)

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## THE MACAT LIBRARY

The Macat Library is a series of unique academic explorations of seminal works in the humanities and social sciences – books and papers that have had a significant and widely recognised impact on their disciplines. It has been created to serve as much more than just a summary of what lies between the covers of a great book. It illuminates and explores the influences on, ideas of, and impact of that book. Our goal is to offer a learning resource that encourages critical thinking and fosters a better, deeper understanding of important ideas.

Each publication is divided into three Sections: Influences, Ideas, and Impact. Each Section has four Modules. These explore every important facet of the work, and the responses to it.

This Section-Module structure makes a Macat Library book easy to use, but it has another important feature. Because each Macat book is written to the same format, it is possible (and encouraged!) to cross-reference multiple Macat books along the same lines of inquiry or research. This allows the reader to open up interesting interdisciplinary pathways.

To further aid your reading, lists of glossary terms and people mentioned are included at the end of this book (these are indicated by an asterisk [\*] throughout) – as well as a list of works cited.

Macat has worked with the University of Cambridge to identify the elements of critical thinking and understand the ways in which six different skills combine to enable effective thinking.

Three allow us to fully understand a problem; three more give us the tools to solve it. Together, these six skills make up the

**PACIER** model of critical thinking. They are:

**ANALYSIS** – understanding how an argument is built

**EVALUATION** – exploring the strengths and weaknesses of an argument

**INTERPRETATION** – understanding issues of meaning

**CREATIVE THINKING** – coming up with new ideas and fresh connections

**PROBLEM-SOLVING** – producing strong solutions

**REASONING** – creating strong arguments

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## **CRITICAL THINKING AND *NUDGE***

**Primary critical thinking skill: REASONING**

**Secondary critical thinking skill: CREATIVE THINKING**

When it was published in 2008, Richard Thaler and Cass Sunstein's *Nudge: Improving Decisions about Health, Wealth, and Happiness* quickly became one of the most influential books in modern economics and politics. Within a short time, it had inspired whole government departments in the US and UK, and others as far afield as Singapore.

One of the keys to *Nudge's* success is Thaler and Sunstein's ability to create a detailed and persuasive case for their take on economic decision-making. *Nudge* is not a book packed with original findings or data; instead it is a careful and systematic synthesis of decades of research into behavioral economics. The discipline challenges much conventional economic thought – which works on the basis that, overall, humans make rational decisions – by focusing instead on the 'irrational' cognitive biases that affect our decision making. These seemingly in-built biases mean that certain kinds of economic decision-making are predictably irrational.

Thaler and Sunstein prove themselves experts at creating persuasive arguments and dealing effectively with counter-arguments. They conclude that if governments understand these cognitive biases, they can 'nudge' us into making better decisions for ourselves. Entertaining as well as smart, *Nudge* shows the full range of reasoning skills that go into making a persuasive argument.

## **ABOUT THE AUTHORS OF THE ORIGINAL WORK**

US economist **Richard H. Thaler** (b. 1945) is credited with being a founding father of the field of behavioral economics and has been tipped as a future Nobel Prize winner. His colleague, the legal scholar **Cass R. Sunstein** (b. 1954), served in the administration of Barack Obama from 2009 to 2012 and is one of the most frequently cited legal scholars in the world today. Both men taught at the University of Chicago and collaborated on their influential 2008 book *Nudge: Improving Decisions about Health, Wealth, and Happiness*, which argued that governments can help people make better decisions, while still respecting their freedom of choice. It was named one of the best books of 2008 by respected magazine *The Economist*.

## **ABOUT THE AUTHOR OF THE ANALYSIS**

**Mark Egan** is a doctoral candidate in behavioural science at the University of Stirling Management School. He holds an MSc in human decision science from Maastricht University and, in addition to his doctoral research, works with the Behavioural Insights Team advising the UK government on behavioural science and policy decisions.

## **ABOUT MACAT**

### **GREAT WORKS FOR CRITICAL THINKING**

Macat is focused on making the ideas of the world's great thinkers accessible and comprehensible to everybody, everywhere, in ways that promote the development of enhanced critical thinking skills.

It works with leading academics from the world's top universities to produce new analyses that focus on the ideas and the impact of the most influential works ever written across a wide variety of academic disciplines. Each of the works that sit at the heart of its growing library is an enduring example of great thinking. But by setting them in context – and looking at the influences that shaped their authors, as well as the responses they provoked – Macat encourages readers to look at these classics and game-changers with fresh eyes. Readers learn to think, engage and challenge their ideas, rather than simply accepting them.

‘Macat offers an amazing first-of-its-kind tool for interdisciplinary learning and research. Its focus on works that transformed their disciplines and its rigorous approach, drawing on the world’s leading experts and educational institutions, opens up a world-class education to anyone.’

**Andreas Schleicher**  
**Director for Education and Skills, Organisation for Economic  
Co-operation and Development**

‘Macat is taking on some of the major challenges in university education ... They have drawn together a strong team of active academics who are producing teaching materials that are novel in the breadth of their approach.’

**Prof Lord Broers,**  
**former Vice-Chancellor of the University of Cambridge**

‘The Macat vision is exceptionally exciting. It focuses upon new modes of learning which analyse and explain seminal texts which have profoundly influenced world thinking and so social and economic development. It promotes the kind of critical thinking which is essential for any society and economy.

This is the learning of the future.’

**Rt Hon Charles Clarke, former UK Secretary of State for Education**

‘The Macat analyses provide immediate access to the critical conversation surrounding the books that have shaped their respective discipline, which will make them an invaluable resource to all of those, students and teachers, working in the field.’

**Professor William Tronzo, University of California at San Diego**





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# WAYS IN TO THE TEXT

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## KEY POINTS

- The economist Richard Thaler and legal scholar Cass Sunstein are prominent American academics who worked together at the University of Chicago in the 1990s and the 2000s.
- In *Nudge: Improving Decisions about Health, Wealth, and Happiness*, Thaler and Sunstein introduced “libertarian paternalism,”\* “choice architecture,”\* and “nudging”\* as tools for governments to help people make better decisions while respecting their freedom of choice.
- *Nudge* has influenced policy-making in the United Kingdom, United States, and several other countries. It is one of the most influential public policy books in recent years.

## Who Are Richard Thaler and Cass Sunstein?

Richard H. Thaler, coauthor of *Nudge: Improving Decisions about Health, Wealth, and Happiness* (2008), was born in 1945. He completed his PhD in Economics at the University of Rochester in 1974 and has worked at the University of Chicago since 1995. Early in his career, Thaler was introduced to the work of the Israeli psychologists Daniel Kahneman\* and Amos Tversky,\* who would become important influences. Thaler became professor of behavioral science and economics at the Chicago Booth School of Business and established