

Green nudges as an environmental policy instrument

Fredrik Carlsson
Åsa Löfgren
Katarina Nordblom

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Fredrik Carlsson, Professor of Economics, *Åsa Löfgren*, Associate Professor in Economics, *Katarina Nordblom*, Professor of Economics. All at University of Gothenburg.

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We clarify the underlying mechanisms that drive individual decision-making and point out under which circumstances a nudge is likely to be effective in terms of altering behaviors.

For example, choices looked upon by individuals as insignificant, such as reusing the hotel towel, are frequently quite easy to nudge, while it is more difficult to nudge people to take the bus instead of the car, a choice frequently guided by habits. We present various existing nudge techniques, such as defaults and moral appeal, and in which contexts they have been the most successful according to empirical studies.

The effect of nudges is to a large extent dependent on context, and we discuss in which contexts they may serve as an effective substitute or complement to other policy instruments, such as environmental taxes.

We want to highlight the following points from the report:

- › Nudge is not a »silver bullet« but should be seen as one of several environmental policy instruments.
- › Behavioral science expertise in government is more important than a separate nudge unit.
- › Choices perceived by the individual as insignificant are more likely to be nudgeable than significant choices, which does not mean that the former choices are insignificant to society. For example, energy consumption is perceived as relatively insignificant by many individuals (and thus relatively easy to nudge) but is significant at a societal level.

- › Avoid using resources to nudge choices and behaviors that most people consider important or which are driven by strong habits. In such cases, other types of instruments are needed. Several attempts to nudge people to take the bus instead of the car have failed and means of transport is a choice that is often considered both important and driven by habit.

If carried out correctly, various kinds of green nudges may be both more cost-effective and less intrusive compared to traditional policy instruments such as taxes or regulations. This report shows when, how, and why different nudge techniques can guide people's behavior in a greener direction.