

A Political Economy of Behavioural Public Policy

Behavioural public policy has thus far been dominated by approaches that are based on the premise that it is entirely legitimate for policy-makers to design policies that nudge or influence people to avoid desires that may not be in their own self-interest. This book argues, instead, for a liberal political economy that radically departs from these paternalistic frameworks. Oliver argues for a framework whereby those who impose no substantive harms on others ought to be free of manipulative or coercive interference. On this view, BPP does not seek to “correct” an individual’s conception of the desired life. This book is the third in a trilogy of books by Adam Oliver on the origins and conceptual foundations of BPP.

ADAM OLIVER is a behavioural economist and behavioural public policy analyst in the Department of Social Policy at the London School of Economics and Political Science. He has published and taught widely in the areas of health economics and policy, behavioural economics and behavioural public policy. He is a founding editor-in-chief of the journals *Health Economics, Policy and Law* and *Behavioural Public Policy*. He edited *Behavioural Public Policy* (Cambridge University Press, 2013) and authored *The Origins of Behavioural Public Policy* (Cambridge University Press, 2017) and *Reciprocity and the Art of Behavioural Public Policy* (Cambridge University Press, 2019). He is the chair of the International Behavioural Public Policy Association and founder of the Annual International Behavioural Public Policy Conference.

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For those who remain true to themselves

Contents

List of Illustrations	<i>page</i> x
Preface	xi
Theme	xi
Notes on Style	xii
Acknowledgements	xiv
 Introduction	 1
Where I Have Been	1
Where I Am Going	6
 1 Setting the Scene	 10
The Origin of Reciprocity	12
Scarcity, Abundance and Reflection	15
Constraining Freedom	22
Food for Thought	25
 2 Other Voices	 26
Paternalistic yet Free	27
Paternalism without Freedom	32
Paternalism at All?	38
Food for Thought	40
 3 A Kingdom of Ends	 41
Mill Again	43
Four Limitations	46
The Return to Liberalism	51
Unobjectionable Paternalism?	54
Food for Thought	55

viii CONTENTS

4	The View from Nowhere	56
	Hedonism and Beyond	57
	The Paretian Turn and the vNM Sidestep	61
	The New Economics of Happiness	65
	Views from Everywhere	67
	A Short Summary	70
	Food for Thought	72
5	Nourishing Flourishing	73
	Some Premises and Components	75
	Against Egoism	77
	Nurturing Reciprocity	82
	Food for Thought	87
6	Anyone for Desert?	88
	A Continuing Taste for Desert	91
	Identifying Desert	94
	The Deserving Poor	100
	Food for Thought	103
7	Private Matters	104
	Curtailing Interference	106
	A Competitive Edge	108
	Appealing to Our Better Angels	113
	Food for Thought	118
8	Public Matters	119
	A Liberal Common Goal	121
	A Need to Compete?	125
	Other Ways	128
	Food for Thought	133
9	The Lives of Others	134
	When to Regulate?	137

CONTENTS ix

Defining Budes	141
Illustrating Budes	144
Food for Thought	148
10 Summing Up	149
How I Arrived Here	149
And Finally...	153
Final Food for Thought	155
Notes	156
References	202
Index	210

Illustrations

FIGURE	
2.1 The behavioural public policy cube	<i>page 31</i>
TABLES	
1.1 The reflection effect	<i>page 17</i>
6.1 A taxonomy of blameworthy actions	98

Preface

The book that you have before you is the third and thus final part of a trilogy that I have in recent years written on the development and, perhaps in part, future of the relatively new field of behavioural public policy. The book follows and builds upon *The Origins of Behavioural Public Policy* (Oliver, 2017) and *Reciprocity and the Art of Behavioural Public Policy* (Oliver, 2019), and the title – *A Political Economy of Behavioural Public Policy* – is inspired by John Stuart Mill's *Principles of Political Economy*.¹

THEME

In 2019, Vladimir Putin, an embodiment of why liberalism is of such fundamental importance to humankind, proclaimed that liberalism is dead.² Putin, like Bismarck (and many others) before him (see Rosenblatt, 2018, p.193), seems to believe that oppression is required to hold a large state together, and thus celebrates liberalism's demise. Putin is wrong. Liberalism is not dead, but it is quite poorly, and it needs to be revived.

In this book, in the spirit of Mill – and of Wilhelm von Humboldt (1791–1792/1993), who influenced him greatly – I will argue for a political economy of behavioural public policy that is anti-paternalistic – that stands with the notion that the choices, actions and behaviours of those who are imposing no harms on others ought to be free of manipulative or coercive interference from third parties (and particularly from policy makers).³ When externalities are not an issue, I contend that policy makers ought to limit themselves to protecting and nurturing the almost innate human tendencies to reciprocate and cooperate, for these tendencies have evolved to give each person the best chance of achieving their own conception of the desired life. As Mill (1848/1970, pp.313–314) noted:

xii PREFACE

[I]t is . . . of supreme importance that all classes of the community, down to the lowest, should have much to do for themselves; that as great a demand should be made upon their intelligence and virtue as it is in any respect equal to; that the government should not only leave as far as possible to their own faculties the conduct of whatever concerns themselves alone, but should suffer them, or rather encourage them, to manage as many as possible of their joint concerns by voluntary co-operation; since this discussion and management of collective interests is the great school of that public spirit, and the great source of that intelligence of public affairs, which are always regarded as the distinctive character of the public of free countries.

Although this book espouses liberalism, it recognises quite forcefully that freedom without constraints offers a great deal of scope for the egoistically inclined to act upon their instincts, to the detriment of most of us. Mill likewise deplored egoism – ‘the egotism which thinks self and its concerns more important than everything else, and decides all doubtful questions in its own favour; – these are moral vices, and constitute a bad and odious moral character’ (Mill, 1859/1969, p.75) – and considered its expression legitimate grounds for government regulation if it imposed unreasonable harms on others.⁴ Mill contended that where the threat of government punishment for harms imposed on others exists, people are to a degree freed from having to protect themselves, and thus their energies – as well as those of the would-be egoists – can be devoted to more fruitful, cooperative endeavours. In short, in order to protect freedom in general, some specific freedoms ought to be constrained, which is an important component of the political economy of behavioural public policy proposed in the following pages.

NOTES ON STYLE

Like my previous books, I have tried to write this one in a style that will be accessible and interesting to a multidisciplinary audience, and

to experts, policy makers, students and interested laypersons. It is not, however, what is commonly known as a “trade book” (i.e. a popular science book). To get the most out of it, the reader must be prepared to put some work into it. The reader will be able to understand my arguments from the main text, but the endnotes included in all of the chapters provide digressions and enrich the narrative, which some readers may find appealing and instructive. At the end of each chapter, in the form of a few questions, I have provided some “Food for Thought”. I, of course, hope that the whole book provides some intellectual nourishment.

Acknowledgements

Aspects of Chapters 1 and 4 of this book were published as articles in the *LSE Public Policy Review* (in articles titled “A Little Give and Take” and “An Unhappy Pursuit of Happiness”), of Chapter 6 in *Behavioural Public Policy* (in an article titled “Sir John Stuffgut’s Soup and a Taste for Desert”) and of Chapters 7 and 8 in the *Journal of European Public Policy* (in an article titled “Reviving and Revising Economic Liberalism: An Examination in Relation to Private Decisions and Public Policy” [Oliver, 2020]).

I owe thanks to a number of people in the writing of my trilogy on behavioural public policy. I have acknowledged them in the two previous books. For this book I will limit my thanks to Phil Good at Cambridge University Press and to the three reviewers that he solicited to provide detailed comments on a previous version of the entire manuscript; to Ketí and Charlie, who, as ever, offer benefits without substantive harms; and to David Hume and, particularly, John Stuart Mill, who, although somewhat taxing at times, have been, on the whole, good company.