Applying Psychology to Public Policy

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This month's guest columnist is David Halpern, Director of the United Kingdom's Behavioural Insights Team. This innovative team provides a model for other countries demonstrating how psychological science can be utilized to inform government policy decisions.

–**Elizabeth A. Phelps**

When governments want advice on the likely impact of their policies, they traditionally turn to economists. Psychologists have been less in demand. The reasons are understandable: Economists have seemed to offer relatively clear and well developed models for predicting behavior, notably "expected utility theory." In contrast, the lessons from psychology have often seemed less clear-cut, no matter how interesting or suggestive they may have been.

This situation is now changing. Officials are recognizing that their policies may stand or fall on social, cognitive, and emotional factors that economists have traditionally neglected. Given their position at the top table, it is perhaps unsurprising — if ironic — that economists themselves have communicated this point. Behavioral economics, essentially a combination of economics and psychology, has provided a new bridge between policymakers and psychological findings.

David Halpern

Perhaps the most famous early application of this approach has involved efforts to encourage people to save for retirement. Rather like the changes in 401k schemes in the United States, the United Kingdom has recently changed the default for enrollment in employee pension schemes from an opt-in to an opt-out. This change has raised the proportion of workers saving in large firms from 61% to 83% (and more than 90% among directly eligible workers). This insight will not be new to most psychologists, but it has profound implications for how governments deliver policies. Moreover, policy makers do not have to accept this principle as an *a priori* article of faith — it has been established through repeated experiments.

Behavioral economics has found a receptive audience in governments that, over recent decades, have increasingly been tasked with addressing such broad and complex social problems as obesity, climate change, and social exclusion. Many of these challenges are dependent on changes in the behavior of individuals or groups. In this context, there is a real demand for approaches that can better explain observed behavior. Indeed, Richard Thaler (perhaps the most famous of the behavioral economists) recently argued that the US government should have a Council of Behavioral Scientist Advisers to sit alongside the President's Council of Economic Advisers.

A psychologist by background, I lead a small team in the center of the UK government that actually has such a remit. The UK's Behavioural Insights Team (BIT) brings together psychologists, policymakers, and economists to apply findings from behavioral economics and social psychology to improve public policy. Though created by the current Conservative-Liberal Democrat administration, BIT has roots that spread across administrations. It was a decade ago, when I was Chief Analyst to then-Prime Minister Tony Blair's Strategy Unit, that we first published a report on the application of behavioral science to policy.

Since 2010, BIT has worked across nearly every domestic policy area, from health and energy to fraud and charitable giving. For example, BIT has been undertaking a major program to improve the way people are helped into the labor market. A key element draws on findings about the power of commitments and implementation intentions to influence behavior: A group of job seekers were helped to plan their route to an interview and decide when they would rewrite their résumé, as opposed to the usual practice of merely being reminded to do these things. An initial program has shown encouraging

results, and we are currently trialing the impact of the intervention across the whole district.

Although we know there is a set of factors that influence behavior, we don't know for certain which will apply in a particular context. Therefore, BIT has promoted a "Test, Learn, Adapt" approach to government, based around the use of randomized controlled trials (RCTs). RCTs have a reputation in government for being expensive, difficult to implement, and slow to give results. BIT has set about showing that they can be cheap and feasible, and can give quick feedback to improve policy making.

Recently, for example, BIT conducted work to increase the proportion of people on the UK organ donor register. Thanks to the UK's Government Digital Service, people registering for vehicle tax are now also offered the opportunity to join the register. Using a rapid and low-cost process, BIT tested the effect of including different messages with that offer. One message pointed out that thousands of other people register, and this increased registrations from 2.3% of visitors to 2.9%. (The best performing message registered 3.2%, equivalent to 96,000 additional registrations a year). But if that message was combined with a picture of a crowd of people, registrations actually dropped to 2.2% — worse than no message at all. This was an unexpected result, since evidence from elsewhere suggests that adding such a picture should be *more* effective. This example shows the importance of such evaluation: If BIT had simply followed the evidence without testing, it would have reduced registrations by 10,000.

By combining new insights with rigorous evaluation, BIT's interventions have saved the UK government tens of millions of pounds. Recently, the White House set up a Social and Behavioral Sciences Team, and other countries are in the process of doing the same. However, we also want to advance the field of knowledge: We have collaborated closely with academics, and will continue to do so. In the future the team will be pursuing these objectives in the form of a public-private social enterprise, reflecting the demand for its services; more details can be found at blogs.cabinetoffice.gov.uk/behavioural-insights-team/.

To read more about Halpern's work and other initiatives to incorporate behavioral science into policy-making, see the September 2013 Observer *feature "*Small Nudge, Big Impact*."*