

## **Nudging Beyond Libertarian Paternalism?**

### **The "Jiyo Parsi" Scheme in the Light of Thaler and Sunstein's View on Marriage**

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#### **Nudge**

In their landmark work in Behavioral Economics, *Nudge: Improving Decisions about Health, Wealth, and Happiness*, Richard Thaler and Cass Sunstein define a "nudge" as

"any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives. To count as a mere nudge, the intervention must be easy and cheap to avoid. Nudges are not mandates. Putting fruit at eye level counts as a nudge. Banning junk food does not."

What is interesting about this definition is that the authors explicitly contextualize a nudge in their unique economic vision of Libertarian Paternalism. The authors define libertarian paternalism as simply influencing behaviour without coercion. The influencers are given the name "choice architects". In the words of the author,

"the libertarian aspect of our strategies lies in the straightforward insistence that, in general, people should be ... "free to choose." We strive to design policies that maintain or increase freedom of choice."

Whereas,

"the paternalistic aspect lies in the claim that it is legitimate for choice architects to try to influence people's behavior in order to make their lives longer, healthier, and better."

Daniel Kahneman, another notable behavioral economist, delineated two distinct systems for processing information as to why people sometimes act against their own self-interest: System 1 is fast, automatic, and highly susceptible to environmental influences, while System 2 is slow, reflective, and takes into account explicit goals and intentions. Since System 1 processing, which relies on various judgmental heuristics to make decisions, resulting in faster decisions, can also lead to sub-optimal choices, a nudge alters the environment so that when System 1 decision-making is used, the resulting choice will be the most positive or desired outcome.

Let us now analyse the Advocacy and Outreach component of the *Jiyo Parsi* scheme of the Government of India, and test if it qualifies to be a nudge.

### **The Jiyo Parsi Scheme**

The population of Parsis (Zoroastrians), a notified minority community under National Commission of Minorities Act 1992, declined from 1,14,000 in 1941 to 57,264 in 2011 as per census data. Studies identified the following causes for the decline in population of Parsis:

- (a) Late and non-marriages;
- (b) Fertility decline;
- (c) Emigration;
- (d) Out-Marriages; and
- (e) Separation and divorces.

In order to address this decline in population and reverse the trend, the Government of India (GOI) felt the need for intervention. Hence, GOI, through the Ministry of Minority Affairs (MOMA) formulated the Jiyo Parsi Scheme in September 2013.

The stated objective of the scheme is to reverse the declining trend of Parsi population by "adopting a scientific protocol and structured interventions, stabilize their population and increase the population of Parsis in India."

The scheme comprises of three components:

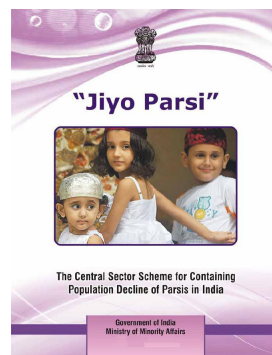
1. Advocacy Component that includes workshops, advertisement campaigns to create awareness, etc.,
2. Health of the Community Component which covers Childcare and Creche support, assistance to elderly, etc.

3. Medical Component includes financial assistance for the detection and treatment of infertility, fertility treatment, etc.

The scheme also offers cash assistance to encourage Parsi couples to have children, and is applicable to all couples irrespective of their financial status.

## Test

This study focuses on the Advocacy and Outreach component of the scheme which consists of, among others, a massive publicity campaign, general information sessions, media broadcasts, counseling sessions and other such events that will "help to encourage Parsis to have more children and to go in for early marriages within the community. The aim is to create awareness." The reason I focus on this component alone is because the other components significantly change the economic incentives of the target population, which make them far more than a nudge. However, the Advocacy component intends to bring about behavioural change in the community by designing choices in a manner that is expected to enhance welfare of the target population.





In the advertisements shown above, there is apparently no mandate or compulsion imposed on the Parsis by the Government. Also, the interventions are indeed cheap and easy to avoid. Most importantly, by clinging on to popular narratives and a stereotypical presentation of the community and its concerns, the interventions try to change the environment in which System 1 decision-making (Kahneman) is conducted. Finally, since the scheme (and the advocacy campaign) aims to improve the health of the community, it is clearly paternalistic too. These features of the Jiyo Parsi campaign clearly bring it very close to being a nudge.

Now, let us try to test it for the last essential characteristic of a nudge: the Libertarianism.

In an elaborate chapter on Marriage ("Privatising Marriage"), Thaler and Sunstein define marriage, as a matter of law, as

"no more and no less than an official status, created by the state and accompanied by government entitlements and mandates. When you are married, you get many material benefits, economic and noneconomic."

The authors go as far as to argue that

"insofar as it operates through the government, marriage is an official licensing scheme—and that when the state grants marriage licenses, it gives both material and symbolic benefits to the couples it recognizes."

"But the licensing scheme is not merely a device for facilitation. It is very different from the law of contract. The state does not simply permit people to marry within their religions; it does not merely enforce people's agreements. It also creates a monopoly on the legal form of marriage; imposes sharp limits on who may enter and how; and accompanies the legal form with material and symbolic benefits that it alone confers. For those who believe in liberty, this is hardly an unambiguous good."

On the basis of the supposed anachronistic nature of the institution of state-sanctioned marriage and the disadvantages it differentially creates for the unmarried, the authors argue for a complete exit of the State from matters of marriage, leaving it to people's own choices, subject to the judgements of private organizations, religious and otherwise. In a strictly libertarian vein, the authors suggest an alternative: civil unions. In this case, the state confines itself to facilitating

and enforcing contracts between free individuals, who may choose any form of domestic partisanship.

The authors also recommend a nudging mechanism in this context: designing welfare-maximizing default rules for partners, with a special focus on the female partner and children.

"The best approach might be an explicit formula based on such factors as the ages of both spouses, their earning capabilities, the length of marriage, and so forth. Starting with the formula as an anchor, a judge could weigh other considerations such as the standard of living during the marriage, the health of the spouse seeking maintenance, the financial prospects of both sides, and other relevant factors. The reasons for any "departures" from the range would have to be clearly spelled out and limited to a small number of acceptable reasons for adjustment, because the whole goal of transparency in the process is to nudge couples toward settlement within an expected range."

This policy recommendation for marriages is strictly in line with the Libertarian component of the nudge.

Let us now look at some Jiyo Parsi advertisements.

**ET** Panache



Parv Khebar





These advertisements, however, show that in the *Jiyo Parsi* case, the Government of India is directly intervening in the institution of marriage, regardless of the absence or presence of any mandate. The Government intends to "help to encourage Parsis to have more children and to go in for early marriages within the community." The choice architecture of the Jiyo Parsi campaign explicitly pushes (nudges?) Parsi couples to marry. This element of the Jiyo Parsi advocacy campaign is clearly not Libertarian. Also, some of the medical components like financial assistance to couples for the detection and treatment of infertility are available exclusively to married couples. Hence, it fails to fit into Thaler and Sunstein Libertarian understanding of what a nudge is.

However, this is not to pass any judgement on the propriety or need of the Jiyo Parsi scheme. Perhaps, in the peculiar Indian context of pluralist secularism and the state's active relationship with religion (and religious institutions like marriage), as opposed to the strict state-church

divide in the West, Nudges ought to stretch beyond a strictly Libertarian Paternalist imagination. Further research and interventional innovation is due in this direction.

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