



Not Your Typical Grandma

Yes, that's right: *granny* state, not — as conservatives are wont to call it — the nanny state.

[Dan's thoughtful post the other day](#) suggested but did not spell out an important theoretical implication of New York City's prohibition on large servings of sugared soft drinks: it represents an almost-classic form of the "nudge," the policy tool advocated by Cass Sunstein and Richard Thaler.

As Dan noted, Mayor Bloomberg observed that the soft drink ordinance does not ban people from drinking more soda: it only prohibits them buying it all at once, in one serving. From a standard economic perspective, this is a distinction with virtually no difference: if people want more soda, they will just go and get seconds. But the assumption behind the policy is that people *won't* do that. Why? Well, perhaps it's because they are embarrassed to ask for seconds, but somehow I doubt that anyone really believes that fast food customers are so demure. Rather, it is because they don't really *have* that preference in the first place, or perhaps more precisely, their preferences are unstable: they are influenced by circumstances, biases, irrationalities, and just plain chance.

It is thus quite similar to the sort of classic nudge outlined by Sunstein and Thaler in [their book](#), viz. where to place desserts in the high school cafeteria line. Researchers found that placing them in the back at the end of the line yields very substantial drops in the amount of dessert consumed, and that should not happen if people's preferences are stable. Instead of doing nothing or banning them, "choice architects," Sunstein and Thaler argue, should just put them where preference stability begins to break down. Put another way, the soda "ban" isn't a "ban" at all: it's a nudge. (It differs slightly from a classic nudge because most choice architects don't have a choice: they *have* to institute *some* default rule. Government doesn't really have to do that here, but that isn't apposite for the point I am making here).

That means that the New York City soda policy is not just relevant because, as Dan observes, "the food system (from farm to table) uses a lot of energy and produces significant water pollution," and "[m]ore food equals a bigger environmental footprint." This is true, but it is also relevant because the policy serves as a real life experiment into the benefits and limitations of behavioral economics on a larger scale.

Oh, and Grandma? That's easy. A "nanny" is someone who takes care of a small child, often a toddler or even an infant. A "nanny" tells someone what they can and cannot do. They control someone's life. Grandma is someone that the child asks for seconds. And as any

parent who has suffered through Grandma spoiling their children rotten, grandparents are usually anything but disciplinarians. If there are rules, they are very gently applied. Just like a nudge.