

Can we nudge to Net Zero?

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In the first of a two-part climate change special, BIT's Lis Costa sits down with Nobel Prize Winner Professor Richard Thaler, Cambridge University's Lucia A. Reisch and BIT CEO and founder Professor David Halpern to answer one big question ahead of the COP26 UN Climate Change Conference: Can we Nudge to Net Zero?

According to the Paris Agreement's: Sixth Carbon Budget, in order to reach net zero carbon emissions by 2050, a 63% reduction in future emissions is required over the next decade or so. This is no mean feat! Such reductions will require substantial changes to our behaviour including the adoption of new technologies such as eco-friendly heating systems, and the reduction of our reliance on high carbon-footprint transportation systems such as flights and diesel cars.

Our guests discuss how this behaviour change can be achieved; the psychological biases and barriers that stand in our way; and the role that corporations and government must play to make climate-friendly behaviours tenable.

Behavioural Factors Hindering Climate Change Action

One of the key behavioural factors hindering collective action to mitigate climate change is the public goods problem, where individuals and countries fail to cooperate. This problem is exacerbated by the difficulty of valuing future benefits and the challenge of overcoming present bias. Additionally, the increasing prevalence and media coverage of extreme weather events have brought climate change closer to people's senses, but there is a fine line between creating awareness and causing climate anxiety.

Shifting Behavioural Factors through Media Coverage

The media coverage of extreme weather events, such as floods, fires, and storms, has the potential to shift behavioural factors by making climate change more immediate and real. These unprecedented events can create a sense of urgency and awaken people to the need for action. However, it's essential to strike a balance in communication, avoiding excessive fear and anxiety while emphasizing both the risks and the solutions. Media coverage plays a crucial role in directing public attention to impactful actions and correcting misperceptions about effective climate change mitigation measures.

Encouraging households to switch to green energy

Experiments in Germany showed that green energy defaults are highly effective and widely accepted. Regardless of income or environmental attitudes, households were more likely to opt for green energy when it was set as the default option. Transparency and the ability to opt-out were important factors in the success of the policy.

Harnessing technology and making it easy for behavioural change

Technology, such as smart thermostats and automated systems, can play a crucial role in facilitating sustainable behaviours. Making it easy for individuals to adopt sustainable practices, such as optimizing energy use or reducing travel, can lead to significant

reductions in energy consumption and carbon emissions. Automatic defaults and seamless integration into daily routines can promote long-term behaviour change.

Changes in Elite Behaviour towards Climate Challenges

Elite behaviour among corporates is shifting due to increased pressure to take climate challenges seriously. Moving beyond individual behaviours, the focus is on influencing the system that shapes our actions. The biggest impact lies in shifting the behaviour of businesses and organizations, as they have the potential to drive significant change.

The Importance of Setting Prices on Carbon

To address climate change effectively, it is crucial to set prices on carbon. By making polluting expensive, people will be deterred from polluting more. Countries like Sweden have demonstrated that setting carbon prices is feasible and effective in reducing emissions. Implementing a global carbon tax or cap and trade system is essential, even though it may be challenging, as it incentivizes industries to adopt cleaner practices.

Prioritizing Decoupling of Production and Welfare

From a behavioural perspective, decoupling production and welfare is the most important thing to prioritize. This involves taking steps to decarbonize all industries, not just transport and manufacturing. Support for innovation and infrastructure, including charging infrastructure for the car industry, is crucial. Additionally, setting standards and implementing a global corporate minimum tax can have a positive impact.

Revealing Green Attributes and Punishing Non-Compliance

It is essential for COP leaders to focus on revealing the environmental impact of products and companies, allowing consumers to make informed choices. Implementing measures to differentiate between greener and non-green products can drive behavioural change. Furthermore, creating mechanisms to punish non-compliance and lack of progress can incentivize countries to meet climate goals. This can include introducing carbon taxes, climate bonuses, and implementing climate clubs for cooperation.