

Research for Policy

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Why Knowing What To Do Is Not Enough

A Realistic Perspective
on Self-Reliance

WRR

THE NETHERLANDS SCIENTIFIC COUNCIL FOR GOVERNMENT POLICY



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Why Knowing What To Do Is Not Enough

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COLOPHON

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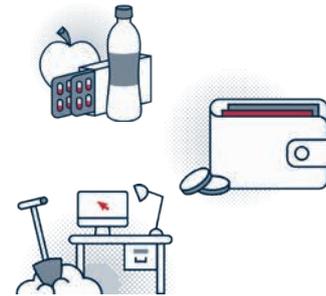
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FOCUS ON SELF-RELIANCE

Society today makes heavy demands on people’s self-reliance. People must be on constant high alert in various crucial areas of their lives. Fewer and fewer people remain with one employer for years on end. Employees and self-employed people are expected to keep their own employability up to standard and to identify new opportunities and threats themselves. It is no longer enough to file your annual pension statement neatly in a folder. You have to take action and make choices long before you start approaching retirement age. Health care policy has made autonomy and taking responsibility for oneself a priority. Self-reliant patients are well informed, maintain healthy lifestyles, choose their own care providers, and actively take decisions about their own treatment in consultation with medical professionals.

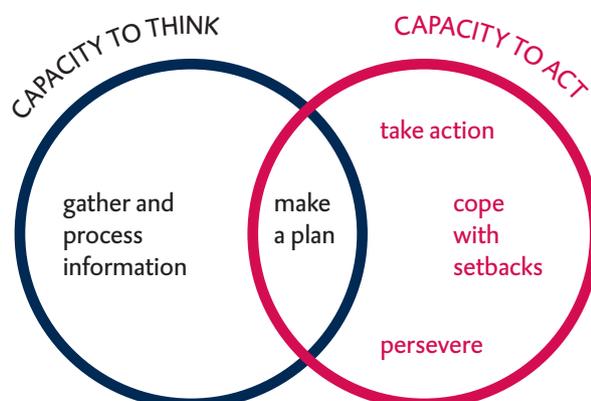


But not everyone is capable of such vigilance under every circumstance. There is a difference between what people are expected to do and what they are actually capable of. It is not just a small group of ‘vulnerable’ individuals – for example those with a low IQ – who have trouble living up to such expectations. Even people with a good education and a favourable position in society can end up feeling overwhelmed, certainly when they are going through a difficult patch. That is not because they are not intelligent or knowledgeable enough, but because demands are being made on all sorts of other mental capacities, such as the capacity to take action, to remain calm, and to stick to their resolutions.

THE NEXT STEP IN BEHAVIOURAL SCIENCES: FOCUSING ON THE CAPACITY TO ACT

The importance of intelligence and the ability to read and write and to understand maths is generally acknowledged. In recent years, researchers and policymakers have turned their attention to the limitations of human mental capacity and judgement. The behavioural sciences have shown that people have limited ability to assess information and make rational decisions. This report takes the next step in this fascinating line of research and policymaking. The capacity to think is only part of the story. After all, knowledge does not automatically lead to action.

This report focuses on a person’s ‘capacity to act’, something we often refer to in everyday life as ‘personality’ or ‘character’. Capacity to act refers to non-cognitive capacities, such as setting goals, making plans, taking action, persisting and coping with temptations and setbacks.



DETERMINANTS OF THE CAPACITY TO ACT

Three personality traits provide the foundation for the capacity to act: temperament, self-control and beliefs. These three traits have a significant relationship with capacities that are crucial to self-reliance.



First, people with an ‘approach temperament’ are inclined to acknowledge and tackle stressors, while those with an ‘avoidance temperament’ tend to deny and avoid stressors. The first group score relatively high for life outcomes and coping with problems, and the second group relatively low.

Second, there is a relationship with the capacity for self-control, i.e. the ability to change or suppress dominant behavioural tendencies and to regulate behaviour, thoughts and emotions. In a society that asks people not to give in to all sorts of temptations, but to think ahead and take steps now to avoid possible problems later, self-control is an important requirement for self-reliance.

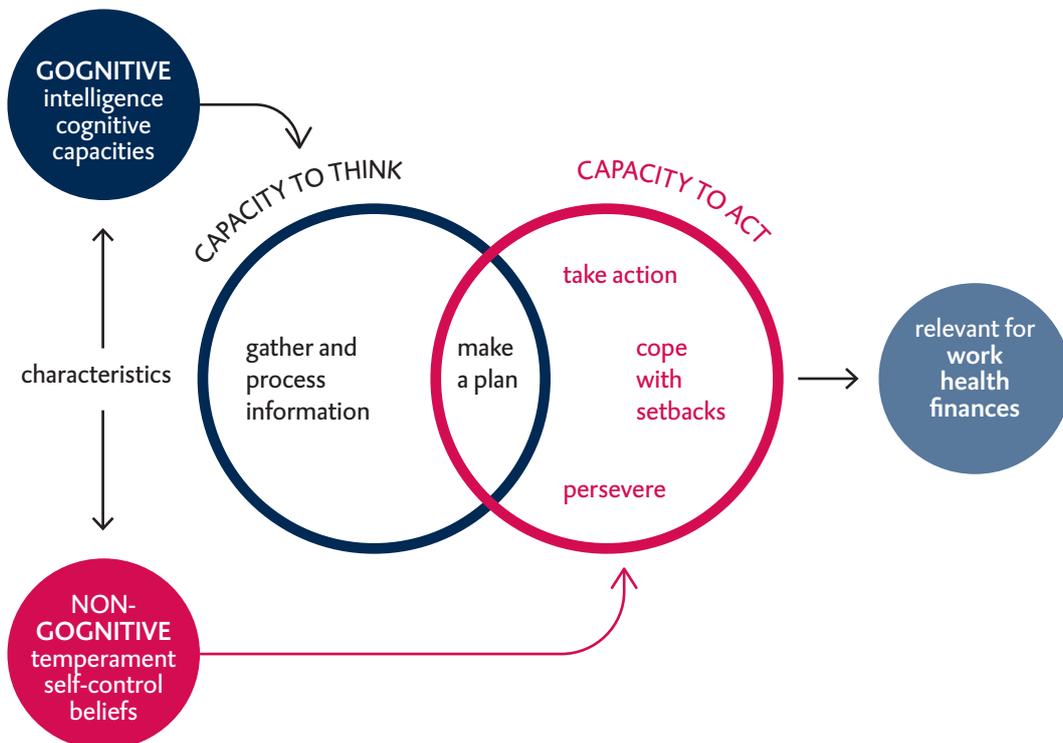




Third, there is a relationship with beliefs. Some people are optimists and think that everything will be okay in the end; others feel powerless and sink into passivity. Here it should be clear that more is not always better. Being too optimistic and having too much self-confidence can be counterproductive because they cause a person to deny or ignore problems and become reckless.

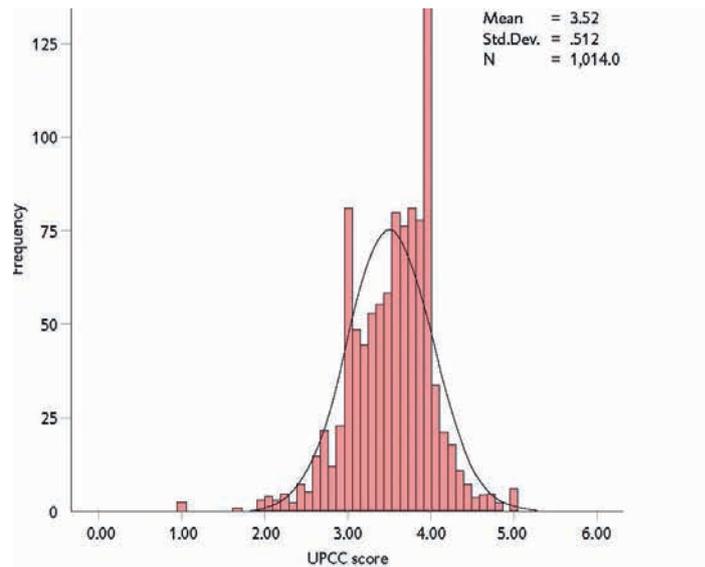
PEOPLE HAVE DIFFERENT PROSPECTS OF DESIRABLE OUTCOMES

We have seen that these non-cognitive traits are related to the mental capacities that are the focus of this report.



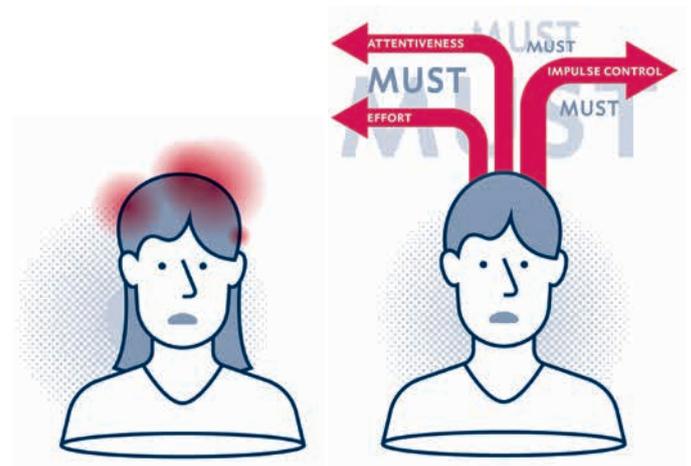
People differ in the degree to which they possess these capacities. To some extent, those differences can be traced back to their educational background – but not entirely. A substantial percentage of low-educated individuals score high for non-cognitive capacities, and a substantial percentage of highly educated individuals score low. In general, the scores are normally distributed. Some people score high, others low, but most people score around average.

That leads to an important conclusion. Not all people have the same aptitude for self-reliance. After all, non-cognitive personality traits have a hereditary component, just like intelligence.



STRESS AND MENTAL BURDEN PUT PRESSURE ON MENTAL CAPACITIES

On top of this, life circumstances influence people’s ability to apply their non-cognitive capacities. We know, for example, that people’s self-control slips when they are given highly demanding cognitive tasks to perform or are exposed to temptations for a lengthy period. That is especially problematic when they are going through a rough patch, for example a divorce, bankruptcy or job loss. These are situations in which it is crucial for people to spring into action, take the right decisions, and persist. Unfortunately, they are also situations that cause a great deal of stress.



DON'T EXPECT TOO MUCH OF TRAINABILITY

We know very little about our ability to train non-cognitive capacities, but the studies that have explored this question are not promising.



It is difficult, if not impossible, to change a person’s temperament..

Beliefs are easier to change, but research has not yet shown whether training has a knock-on effect in other areas. If someone becomes convinced that he can find a job on his own, that does not automatically mean that he also believes he can quit smoking.





In theory, self-control is the most efficient starting point for intervention, but research has produced only modest results, and it is doubtful whether even those results are lasting.

More favourable results have been achieved with skills training in specific domains, but only with interventions that focus on capacity to act as well as capacity to think.

There are, in any event, no easy, fast and inexpensive solutions. The reality is that differences in the capacity to act will remain. Until there is enough empirical evidence, we recommend restraint when introducing general interventions, and experimenting with and conducting sound research into the possibility of training non-cognitive capacities. Where there is empirical evidence that specific skills can in fact be trained, governments should promote low-threshold access to such training.

WHAT THIS MEANS FOR POLICY: KNOWING WHAT TO DO IS NOT ENOUGH

The traditional assumption made by policymakers is that people who have the right knowledge will automatically do the right thing. This idea, drawn from the rationalistic perspective, underpins many legal and economic approaches to policymaking. Here we compare that to a realistic perspective, an interpretation of the behavioural science findings discussed in this report. It assumes that people do not always take action, despite having good intentions. Knowing what to do is not enough. On top of that, a decision which may be ‘rash’ in the longer term may well be ‘sensible’ in the shorter term, given the situation in which an individual finds himself.

1. Rationalistic perspective

Assumption about mental capacities:

- everyone has the mental capacities for self-reliance
- exception: small group of vulnerable people
- focus on capacity to think

Assumptions about behaviour:

- knowledge leads to action
- self-control is limited

Policy design:

- more choice is always better
- influence behaviour by offering information
- people must know the law

Policy implementation:

- distant, impersonal
- no contact prior to sanctions
- help only when circumstances are clearly beyond a person's control

2. Realistic perspective

Assumptions about mental capacities:

- normal distribution: some high scores, some low scores, large number of average scores
- tail of (highly) vulnerable people
- focus also on capacity to act

Assumptions about behaviour:

- knowing what to do is not enough
- self-control is limited

Policy design:

- reduce temptations and stress
- influence behaviour through choice architecture
- people must be able to ‘act’ on the law

Policy implementation:

- personal, proportional
- contact prior to sanctions
- more differentiation between the unwilling and the unable

The starting point for both perspectives is the same: taking responsibility for oneself. The underlying aim of both perspectives is the same: to boost people's autonomy. However, the two perspectives differ in what they assume about people's mental capacities and about the laws of psychology. Because the first perspective expects too much of people's capacity to act, it does not always bring them any closer to the goal of self-reliance.

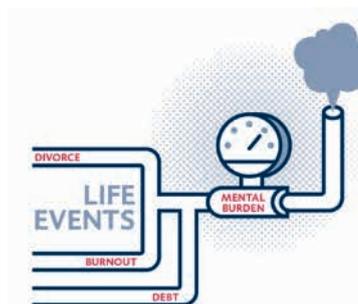
IMPLICATIONS FOR THE RELATIONSHIP BETWEEN GOVERNMENT AND INDIVIDUALS

How tolerant should government and institutions be of human behaviour? From a pragmatic point of view, the point would be to organise rules and institutions in such a way that people are as self-reliant as they can possibly be. A realistic perspective that allows for differences and limitations in individuals' agency has a better chance of achieving self-reliance. Rules and institutions must possess a certain degree of ‘robustness’ or ‘corrective capacity’ in the face of human error. When developing new policy, policymakers should ask themselves what will happen to people who do not open their mail immediately or do not immediately take action when necessary. But there are also arguments in favour of a more realistic approach for reasons of principle. The realistic perspective makes it clear that wrong decisions or passivity are not necessarily a sign of unwillingness; they may indicate that someone feels powerless or overwhelmed. Some people face more serious challenges than others when it comes to self-reliance, not only owing to differences in cognitive capacity but also because they have inherited certain personality traits that are difficult to change and that make them relatively more vulnerable to problems. Policymakers should therefore take a realistic approach when estimating ordinary people's capacity to think and act.

POLICY PREPARATION: MORE FOCUS ON MENTAL BURDEN

There are clearly limits to the mental burden that people can manage. Government does not always appear to take this into account, however. It also does not keep track of all the choices, temptations and assumed actions that descend on people and whether they can manage them all.

When preparing policy and regulations, policymakers should therefore assess specifically whether the design of the regulations allows for differences in people's self-reliance. People should not only know the law, they must also be able to 'act' on it. Is legislation actually based on realistic assumptions about people's mental resilience?



It is especially important to reduce mental strain in situations that occur only occasionally in life but have a major impact, such as job loss, divorce, or having a child. These are precisely the circumstances in which people who are normally capable of coping can feel overwhelmed and therefore put off taking decisions or make the wrong choices, leading them into difficulties. Reducing the burden by simplifying the rules or by offering targeted support can help boost people's self-reliance. Governments should therefore assess whether regulations associated with new policy allow for differences in people's capacity to act.

THE CAPACITY TO ACT TEST

In preparing legislation, legislators should examine more closely whether it is 'doable' for the public. Implementation tests should assess legislation not only from the perspective of the implementing organisations but also from the perspective of ordinary people. The key question is whether the legislation is based on realistic assumptions about people's mental resilience.

Process: The following process-related questions can help in assessing the proposed legislation during its preparation:

- Have preliminary tests been carried out among the public, for example using test panels, simulations or experiments?
- Did the preliminary tests involve all the relevant target groups and user profiles?
- Have other sources been consulted that could help to analyse the viability of the proposed legislation, such as research or experience with similar legislation?

Content: The following content-related questions can help in assessing the quality of the proposed legislation:

- *Mental burdens:* What mental burdens – such as processing information, assessing one's own situation, taking action, checking deadlines, objecting to wrong decisions – does the scheme impose on people? Can those burdens be lightened? Is it possible for people to develop a routine or is constant vigilance required because parts of the scheme change regularly? Does the scheme require people to take action themselves much of the time, or does it work with a default option?
- *Cumulative burdens:* What is the relationship between the scheme and associated schemes? What is the total mental burden on people who are covered by the scheme? Could the scheme plausibly coincide with life events that are known to have a negative impact on people's mental resilience?
- *Consequences of inertia or mistakes:* What happens if someone does not immediately take action, for example does not open an envelope or forgets to complete or send in a form? Do small mistakes immediately have major consequences, or can they be rectified? Can people change their minds and how much capacity to act does this require? Is there a hardship clause and how much does it demand of people's capacity to act?
- *Help and early warning:* Is an easy-to-access front office available for those who cannot manage? Is an early warning system in place, and a regime of actively approaching problem cases?

POLICY CONTENT: MORE THAN INFORMATION ALONE

Effective policy takes the differences in people's mental capacities into account. Information provision is important from the rationalistic point of view, but the realistic perspective advocates a broader array of tools. Government can anticipate people's limited non-cognitive capacities by adjusting the choice architecture. It can do that by using simple labels, ticking standard options (defaults), using opt-out systems, limiting the 'undesirable' options, or using a system of scalable freedoms. An important element of a realistic approach is to curb temptations so that people are not constantly being called upon to exercise self-control. We recommend using a choice architecture based on a realistic view of people's capacities, to reduce choice overload and to limit freedom of choice when it comes to essential financial matters, such as medical and occupational invalidity insurance and pension plans.

POLICY IMPLEMENTATION: VERIFICATION AND DIFFERENTIATION

A rationalistic perspective can have very unpleasant consequences when combined with automated policy implementation. For example, if a government imposes fines automatically when a person defaults on a payment, someone who forgets to pay or does not pay on time will soon be facing an enormous accumulation of fines. Taking a realistic view of mental capacities, government should begin its enforcement policy by verifying the extent to which someone is unwilling or unable to pay. It should then differentiate and tailor its response to the nature of the situation. Its actions should be proportional to the situation at hand.

Quadrants model	Person willing to pay	Person unwilling to pay
Person able to pay	Encouragement: Make payment easier	Enforcement: Apply enforcement measures
Person unable to pay	Allow time and space: Offer assistance	Track down and persuade: Apply enforcement measures

SOURCE: MINISTERIE VAN VENJ 2015B.

Major breaches of the rules merit severe penalties, but small mistakes should have only minor consequences. The realistic perspective also means giving people the chance to backtrack and correct previous 'mistakes'. That is especially true if they did not understand the consequences of their decisions. We recommend seeking early and personal contact with people when irregularities occur in policy implementation so that finer distinctions can be made between those who are unwilling and those who are unable, and so that guidance can be provided at a point when people still have enough mental 'reserves' to think clearly and take action.

A REALISTIC GOVERNMENT IS A LEGITIMATE GOVERNMENT

A realistic perspective can help facilitate a new interpretation of the social contract between government and its citizens. People must be able to trust government not to push them over the edge, and should also feel confident that momentary inattentiveness and weakness do not have immediate and severe consequences. That would be good for people's self-reliance, but also for public finances; it would also help to legitimise government and policy.