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'Our Money Or Your Life!'
The real architecture of choice in public policy

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Abstract

Concerns about technocratic 'nudge' policies focus on values such as individual autonomy, public deliberation and transparency. The present paper's theme is trust and distrust, as the necessary background for such techniques. To be valid, nudge interventions presuppose both trust (in public authorities) and distrust (in people's rationality). Dis/trust does not presuppose nudges, however. Transparency and normal safeguards are needed in case citizens (even if a minority) reject some nudge techniques as too manipulative or culturally inappropriate. We are left with the age-old question: Who guards the guardians? Who designs the choice architecture surrounding the choice architects? Do we trust them? Democratic constitutions entrust office-holders with only limited powers for the very sound reason that no one can be trusted with unlimited, absolute power. Citizens' trust/distrust in decision-makers is politically and constitutionally vital, but their trust is not normally calculated or chosen. Trust is an inter-subjective quality of relationships and social networks; it is in itself neither a decision nor a value. But trust entails behaviour that people do value. Hence, 'values' in public service and democratic politics – such as integrity or fairness – rely upon conditions of trust. Policy studies reduce trust to a one-dimensional, individualized statistical indicator, however, treating it as unequivocally 'good' and failing to capture its political complexity and ambiguity. The present paper aims to correct this. My public policy example is money – legal tender issued by a public authority (central bank) underpinned by systemic or abstract trust. My example of 'irrational' behaviour is the finding that people 'mispredict' future utility (defined as 'subjective well-being') when making decisions about augmenting incomes. Should we be 'nudged' away from relentless pursuit of money, and towards intrinsic well-being rewards through less commuting and more time with family? 'Nudgenomics' intervenes into the logic of free choices, but it does not address the structure of choice itself, particularly 'forced choices' where there is no 'opt-out.' The systemic trust that monetary systems and governments rely upon needs re-examination before we consider interventions into 'choice architectures.' Recent political events reinforce a belief that political trust is in decline. But it sounds ethically wrong and practically infeasible to propose a behavioral intervention to raise the level of citizens' trust in governments. On the other hand, politicians and public servants (indeed anyone) can rightly aim to act in ways that are worthy of trust. Should our attention turn to the leaders rather than the led?

Key words: Trust, nudge, utility, money, misprediction, choice.

Introduction

People often make decisions that they later regret. Or they may omit to do things, like saving some money, which, they later realize, would have been in their interests. Our feelings, instincts or impulses are not always the best guides to decisions that may affect our long-term welfare. This was always well known to mature individuals and to psychoanalysts; it is also backed up by behavioural sciences. Humans do not often behave like rational utility-maximizers with perfect knowledge of costs, benefits and future consequences. Furthermore, we do not live in villages with predictable seasonal cycles of events. The rate of social change, the amount of information available, the complexity of choices, and the unpredictability of outcomes (the classic qualities of 'wicked problems') render decision-making more difficult.

Limited rationality is an idea normally attributed to Herbert Simon, but more deeply explored by Sigmund Freud. It provides a correction to the economic theories, such as public choice and agency theories, which underpinned the neo-liberal reforms of the late twentieth century. Instead, it is often recommended now that policy instruments be designed to accommodate the irrationality of human information-processing, risk-perception and decision-making, rather than to assume rational self-interested individualism. Policy-makers should work with, rather than against, the irrationality of human behavior. They should understand cultural norms and shared socio-political values – which may pertain to belief systems that rely upon non-rational ideas (e.g., faith) or lack any supporting empirical evidence, and which are nonetheless beyond the scope and effect of self-limited liberal-democratic powers. Done well, this new approach addresses social and economic outcomes, while at the same time preserving freedom of choice. Choices are 'nudged' by planned 'choice architectures,' rather than coerced or simply left up to consumer preferences. By design (someone else's design), individuals are then more likely to make 'the right choice.'

'Nudges' come from altering 'choice architecture' to address features of decision-making that are biased, dysfunctional, or non-rational deviations from utility-maximization. Behaviour is steered towards choices that better serve one's own, and (happily) society's, interests – without restricting freedom of choice. A 'choice architecture' of some kind exists anyway, so, rather than use blunt instruments like bans, taxes or subsidies, nudges adjust how choices are ordered or presented to increase the probability that policy-makers' objectives are met. This kind of 'steering' of people's choices goes on daily in environments such as supermarkets, so why not use it public policy? Or, so the argument in favour goes.

'Nudging' is a major advance on B.F. Skinner's proposal (*Beyond Freedom and Dignity*, 1971) that, since we are controlled by environmental contingencies anyway, through operant conditioning, a more controlled management of rewards and punishments would give us a better chance of preserving or improving society. ‘Nudgenomics’ proposes a parentalistic redesign of policy settings, but, unlike Skinner, it presumes subjective liberty, it wishes to leave freedom of choice intact, and it recommends instruments that are more subtle than rewards and punishments.

Nudge techniques, viewed as a form of governmentality, are means of governing *through* liberty – as compared with the classical-liberal view of liberty as ‘extra-governmental,’ or as a principle for the limitation of government (Foucault 2008). Neo-liberal governmentality in general, and the idea of ‘choice architecture’ in particular, are efforts to posit (performatively) and to harness a ‘free’ subjectivity for the purposes of the apparatuses of state.

An Example of a Nudge

Before critically examining the style of policy-making that is based on insights from behavioural sciences (and that uses nudge techniques), let me explain one example that appears to have worked: New Zealand’s national-level defined-contribution retirement savings scheme, ‘KiwiSaver.’ This is state-sponsored, but voluntary, and it is delivered by multiple private-sector providers. It includes employer contributions. Commencing in 2008, this savings scheme automatically enrolls individuals on employment, but allows them up to 8 weeks in which to opt out voluntarily. This voluntary opt-out mechanism – as compared with compulsory savings or a voluntary opt-in – overcomes a basic inertia that impedes saving, while also preserving freedom of choice. The scheme was expected to plateau at 1.4 million members by 2012 (O’Connell 2009). This projection was already exceeded by June 2010, however, with numbers passing 2.5 million by mid-2015 (out of a total population of about 4.5 million). So the headline numbers suggest that the ‘nudge’ worked more than satisfactorily.

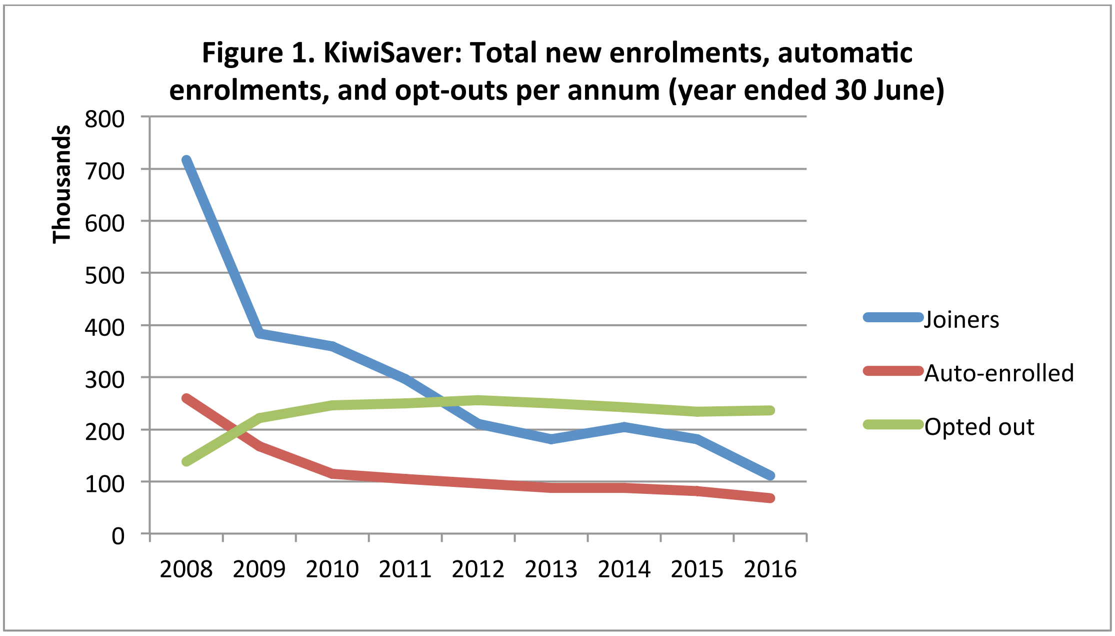

Figure 1 gives us some more detailed data about people's choices, however. Automatic enrolment upon employment only formed a minority of total new enrolments, especially in the first few years. One did not have to be in employment to enroll, and many people not in paid employment (including young people) were enrolled proactively and voluntarily, sometimes initiated by parents, especially thanks to a $1,000 kick-start incentive from the government. Hence, a voluntary opt-*in*, thanks to a sizeable 'carrot,' also did a lot to boost membership. The kick-start incentive was terminated in the May 2015 Budget, and one can see how the total number of new members joining dropped in 2016, apparently in response to that change of policy.

The fact that annual automatic enrolments and total enrolments are declining is not a sign of failure, as most people would only ever enrol once in a lifetime, and the cumulative numbers should plateau as the scheme matures. There is also a consistent rate of voluntary opt-outs that now exceeds the annual numbers joining. This is not a sign of failure either. Those who prefer not to join may have to opt out several times in a lifetime as they change employers, so the frequency may not decline at all. And the fact that many people are exercising their right to opt out shows that freedom of choice is respected. Furthermore, the reason for using a voluntary opt-out mechanism was made transparent by the government of the day when the scheme was launched, so there was no hidden agenda.

The government's initial kick-start and other tax incentives made the scheme highly attractive, if not 'too good to refuse.' But the voluntary opt-out appears to have helped to overcome behavioural inertia as people, especially the young, may overestimate the utility of income tomorrow, as compared with income in the distant future. They 'mispredict' utility, and so there may be an argument for a paternalistic policy that corrects for that error, while still leaving freedom to choose.

On the other hand, the traditional tax-incentives and hand-outs must also have been a major factor in the overall success of the scheme, as most of those who joined were not automatically enrolled through employment. It is hard to judge the relative effects of the 'nudge' versus the 'carrots.' But it is a good example of 'nudge' techniques in practice.

Trust

My aim here is to look more deeply into the underlying political values entailed in nudge techniques, and to consider them in terms of trust and distrust. In doing so, I will redefine trust itself, as this concept has been, I believe, widely misunderstood in the behavioural and social science literature. I will consider the examples of money and subjective well-being, and the behavioural problem of 'misprediction of utility.' This will involve reflexive re-examination of the idea of 'choice architecture' in the context of political or public-policy decisions. The structure of choice itself needs to be considered, especially in the context of the 'forced choices' that participation in monetary economies and citizenship present to us.

While representing a great improvement upon B.F. Skinner's proposal to make operant conditioning into a public-policy technology, nudge techniques are subject to the same kind of critical inquiry, especially regarding the assumption that 'someone knows better' than the average 'irrational' citizen. Nudge policy is self-avowedly 'parentalistic,' while seeking to preserve freedom of choice. While there may well be evidence to back up a government's claims regarding the best long-term interests of the citizen, there is still a 'subject supposed to know' – a master decision-maker. If we take the idea of 'choice architecture' seriously, then, there must also exist a 'choice architecture' around the master decision-maker. Could this decision-maker be prone to irrationality too? Should we 'nudge' the 'nudger' to opt into being benign and altruistic (and not self-interested or short-sighted) when designing 'choice architectures'?

This is a restatement of the classic question, 'Who guards the guardians?' If we entrust policy-making to a cadre of behavioural-economics graduates in possession of copious amounts of data, who will ensure that we were wise to trust their judgment? So, this brings us to a question of trust. But, first, in what sense is trust a *political* factor, and, if it is political, how may we define it?

Trust is basically and originally interpersonal. It is a quality of a relationship between or among people who are acquainted with and recognise one another. How, then, does it make the 'leap' from interpersonal to political? Reading Hobbes, one finds the word 'trust' used quite often, but only in the context of interpersonal affairs, such as delivering on one's promise to pay someone. Locke's theory of social contract opens up the idea that political power and the legitimacy of government is based upon a trust given collectively by those who are governed. Later, Burke described political representation in terms of a trust (to act in the interests of the government of the nation as a whole) given by constituents to those whom they elected. In the meantime, however, Anglophone political theory, from Hume to Mill and beyond, was dominated more by the ideas of interests and liberty. And nudge theory is more in this latter tradition, even though it questions the stricter economistic concept of rational self-interest.

More recently, social-scientific interest in trust grew following Luhmann's *Vertrauen* (1973). He argued that, if there were no trust, life would be unbearable and social cohesion impossible. 'A complete absence of trust' is assumed by Luhmann to be unendurable; hence 'man by nature has to bestow trust'; it is nothing less than the origin of 'rules for proper conduct' (Luhmann 1979, 4). Trust has been referred to as an 'expectation of the persistence of the moral social order' (Barber 1983, 14); it is 'a functional prerequisite for the possibility of society' without which chaos and fear would reign (Lewis and Weigert 1985, 967). I do not *choose* to trust in this manner each morning, like choosing what to wear, because this is a socially shared sentiment or a common commitment to certain expectations and norms about which people do not normally have to think. But, if there were no such trust, life would be unendurable, chaotic and frightening.

The problem, however, with establishing trust as an imperative in this manner (asking, 'what if there were no trust?') is that we have to imagine a life that is not recognizably 'human' (nor possibly even 'mammalian'): a life, as social creatures, without some form of law (written or customary) and norms of economic exchange, hospitality and reciprocity is not 'a *human* life' at all (Lagerspetz 1998). There never really was a state of nature, nor an economy that ran entirely by bartering, nor a multitude that lived without any trust. Even persons in a war-zone – while distrusting their enemies – develop an *esprit de corps* based on mutual and collective relations of in-group trust. So, we should question the validity of this common opening gambit, 'Imagine if there were no…'. It demands that we imagine humanity without humanity.

Contemporary theorists have offered definitions of trust in instrumental and self-interested terms, under conditions of uncertainty.[i] Trust is seen primarily as a sentiment, attitude, belief, expectation or wager–a cognitive or affective appraisal or calculation. In the face of the unpredictability of other human beings, we judge their relative trustworthiness, or their propensity to act in, or against, our own interests–and we form intentions or policies and act accordingly. Like many sociologists since Luhmann (Luhmann 1979), Sztompka defines trust in relation to uncertainty, or the need 'to act in spite of uncertainty and risk,' and hence trust is 'a bet about the future contingent actions of others' (Sztompka 1999, 25). One trusts someone else to do something, being uncertain that she will do it. This depicts trusting as gambling, or a probabilistic calculus. Misztal offers a definition that employs the infinitive verb, rather than the noun: 'To trust is to believe that the results of somebody's intended actions will be appropriate from our point of view' (Misztal 1996, 24). In this case, the person is believing, rather than betting, but again the person who trusts is counting on the future actions of an other. Furthermore, Misztal includes an expectation of the 'appropriateness' of those actions, but it is not the other *person* as such whom one trusts. Gambetta's definition also appeals to probability, but includes the likelihood that cooperation will arise out of trusting someone. He also raises the trustworthiness of the other.

> When we say we trust someone or that someone is trustworthy, we implicitly mean that the probability that he will perform an action that is beneficial or at least not detrimental to us is high enough for us to consider engaging in some form of cooperation with him (Gambetta 1988, 217).

Russell Hardin emphasizes trustworthiness, a perceived trait of the person trusted, in addition to trust as belief.

> To say we trust you means we believe you have the right intentions toward us and that you are competent to do what we trust you to do (Hardin 2006, 17).

A person's trustworthiness requires having interests that 'encapsulate' those of the truster, and an interest in maintaining the relationship – and hence an incentive to be trustworthy.

These definitions essentialize trust (as a mental state, for instance a belief) or trustworthiness (as a trait), and thus attribute it to the individual. This approach may be taken in order to operationalize 'trust' for game-theory experiments and for survey questions and their statistical outputs. 'Trust in others' is a widely used social indicator, typically based upon surveys that pose to individual respondents the question: 'Generally speaking would you say that most people can be trusted or that you need to be very careful in dealing with people?' So, for example, it is reported that 'trust' (as surveyed) is positively correlated with a nation's median household income, and negatively correlated with income inequality (using the Gini coefficient) (OECD 2011). And while trust in parliament has been found to have a positive impact on voter turnout (Grönlund and Setälä 2007), actual turnouts in parliamentary elections in the OECD countries have mostly been in decline (OECD 2011). Such conclusions have obvious relevance for deeper political debate. Some social researchers have questioned what the 'trust' item in surveys is actually 'measuring', however. What is the social scope or 'radius' that includes 'most people'? What actions does the question suppose that persons are trusted to do? And how closely do data derived from what respondents *say* reflect how much they actually *do* trust others? (Sapienza, Toldra-Simats and Zingales 2013) (Delhey, Newton and Welzel 2011) (Morrone, Tontoranelli and Ranuzzi 2009).

Similar questions and problems apply to surveys on 'trust in government,' as respondents may have diverse understandings of that is meant by 'government.' Public opinion, as surveyed, may sometimes reflect recent controversies that have erupted in the media – making 'trust in government' a salient issue – but have little to do with the actual quality or performance of public services, or with the citizens' everyday reliance upon them. The ordinary citizen moreover is unable to evaluate objectively the effectiveness of government services and the integrity of public servants, due to the sheer scope and complexity of all that may be encompassed by the term 'government', and hence is forced to base his or her judgement on 'trust,' which is, by definition, a reliance on the unverifiable (Van de Walle and Bouckaert 2003) (Bouckaert 2012) (Van de Walle, Van Roosbroek and Bouckaert 2008) (Hetherington and Husser 2012). It is not the task of this paper to resolve those questions. It is the essentialized versions of trust itself that I am revising.

For the moment, however, we can see a basic 'structure of belief' that is represented by the aforementioned contemporary definitions of trust. First, trusting allows us to act in social contexts in spite of the complexity of the world, the uncertainty of future events, and the unpredictability and liberty of others. To trust is to reduce uncertainty and to increase security; to be trustworthy is to be less unpredictable and to act in others' interests. At a purely utilitarian level, trust is considered to be a socially shared *economic* resource, as it reduces transaction costs (Coleman 1988) (Fukuyama 1996).[ii] There is less need for costly legal contracts and performance monitoring. Secondly then, we trust because, and only in as far as, it is in our interests to do so.

There are some basic problems with this approach to trust: it individualizes trust, rather than regarding it as a relational quality; it instrumentalizes trust in terms of an individual's calculation of self-interest, and sometimes narrowly in terms of sheer economic efficiency. The theory of trust has become entangled with the theory of rational utility maximization, the very kind of theory that behavioural sciences and 'nudge' techniques have questioned. This is not the best basis for a properly *political* theory of trust.

Abstract (political) trust

Giddens' account of 'abstract trust' in systems is a significant step forward from Lockean trust and towards a systemic political conception of trust. As well as trust in other persons, or in assemblies, Giddens offers the idea of an abstract trust, especially in expert systems.

> Trust may be defined as confidence in the reliability of a person *or system*, regarding a given set of outcomes or events, where that confidence expresses a faith in the probity or love of another, or in the correctness of *abstract principles* (Giddens 1990, 34) (italics added).

'Trust as confidence' is common in dictionary definitions. You can't trust someone without having some confidence in him/her; you can have confidence in a person's ability, punctuality, etc. without really trusting that person. So trust is a 'subset' of confidence, and that aspect of this definition looks uncontroversial. Giddens elaborates on how trust in others is intimately involved in ontological security; it is 'a psychological need of a persistent and recurrent kind' (p. 97). Aside, however, from faith in other persons, Giddens acknowledges the ways in which the modern subject must so often also trust in 'systems' and the 'abstract principles' that guide them. The latter are, of course, the products of human thought and activity, but this is the work of countless, anonymous persons. One cannot possibly avow a trust in each and all of the persons who have designed and managed institutions and complex organisations such as airlines, banks and police forces. The individual may only encounter a few such persons as 'access points' to those systems. Hence, Giddens asks:

> why do most people, most of the time, trust in practices and social mechanisms about which their own technical knowledge is slight or non-existent? (p. 88).

At school, we are taught science, but more importantly, we acquire in that process 'respect for technical knowledge of all kinds', and hence 'trust is only demanded where there is ignorance' (p. 89). As we are necessarily ignorant about so many things that affect our lives, the trust that is supposedly 'demanded' must be profound. We have no choice but to 'trust' the financial system, the armed forces and the many global industries that supply us with goods, services and social media. We do not (and cannot) know all about what they do, why they do it, and what the consequences may be; yet participation in everyday life requires or assumes a trust in them, like it or not. The regulated activity of these systems and institutions creates a sense of security that we can rely upon for our daily existence; they also do the risk–benefit calculation on our behalf, foreclosing the need for us to express our doubts. Simultaneously, however, the activity and innovation of these systems are altering the very universe of events in which risk is perceived and calculated. Consequently, these same systems, in which we trust, also produce new sources of risk and insecurity, and hence a degree of distrust or cynicism. In spite of this, ‘no-one can completely opt out of the abstract systems involved in modern institutions’ (p. 84). Trusting in these systems becomes routine; it is ‘to a large extent enforced by the intrinsic circumstances of daily life’; so, rather than a choice or commitment to trust, such trust is a ‘tacit acceptance’ and ‘alternatives are largely foreclosed’ (p. 90).

Giddens sees no ‘opt-out clause,’ in case of a breach of trust. After the global financial crisis of 2008, for instance, individuals and governments had little choice but to continue to deal with the very banks that had breached their supposed ‘trust.’ We are forced to trust when we do not know what others know or what their actual designs are, or when we cannot control what they do, and yet neither can we opt out of the relationship.

Slavery is one extreme (and unjust) answer to the unpredictability of others; trust is at the other extreme, and entails recognition of others’ rights and freedoms. For those who have no option but to participate in a relationship or social system (which probably includes all of us), however, trust is a ‘choice’ that is forced upon them. There is no walking away from relations of ‘abstract trust’ when one feels betrayed; there is no Lockean ‘withdrawal of consent.’

Liberal-democratic constitutions, moreover, rely upon a paradoxical mix of trust and distrust. Our representatives whom we elect as law-makers or governors are conventionally seen as being ‘entrusted’ with decision-making powers on our behalf. But that trust is only conditional, because history has taught us that no-one can or should be trusted with powers that are unlimited or unchecked. Our prudent distrust of others is institutionalized by a separation of powers that provides checks and balances.

A genuinely *political* theory of trust, therefore, should not define trust as always an individual’s choice or decision or belief, and it should not regard distrust as if it were on the opposite end of a continuum. The systemic or abstract trust that we are enmeshed in is conditioned also by a prudent *distrust* in others. If trust may be rational, in any sense at all, then so also is distrust.

Viewed again as a form of governmentality, a systemic governance based upon trust assumes that the subject is both free and responsible (that is, not coerced, but having obligations all the same), and that the mutual obligations of the apparatuses of the state and of markets (such as the systems of taxes, debts and payments) operate for the security and prosperity of a population, often (but not always) calculated on a rationality of utility. That is, by conventional rational-choice logic, we are said to trust because it is in our interests to do so, as it makes a moral–social life possible and economic transactions more efficient. But this conventional view of trust has had to oblate the relational qualities of trust.

Trust is an inter-subjective quality of human relations – be it one-to-one or complex and systemic. Trust is a mode of mutual recognition (in the Hegelian sense), and it is observable in the ways that people interact, through a multitude of subtle and context-dependent meanings that emerge from words, gestures, actions and reciprocation, for example: sharing confidences, exchanging gifts, promising (and promise-keeping), paying debts, forgiving minor errors, abstaining and giving way to others. Such actions signify and build trust between and among people. They show that we recognize one another as sentient and freely-willing subjects with obligations, rights and needs.

To place it in relation to 'values,' trust is not in itself a value (it is a quality of human relations), but it does entail the enactment or observance of important values of public life, such as integrity, transparency, and reliability.

Lenard holds that, in democracies, trust '*arises from* shared norms and values' (Lenard 2012, 6). Her concern is with the problems associated with immigrants who bring quite different norms and values to their adopted homes, and the distrust and discrimination that affect them. The phrase 'arises from' assumes that values and norms are prior to – or a necessary condition for – trust. But there are no better observable or practical grounds for asserting that trust arises from shared values than for asserting that shared values arise from trust. A quasi-causal hypothesis is artificial. I argue instead that trust is a quality of human relations that may be observed in any cultural context, although the kinds of actions that build or undermine trust differ across cultures, just as the shared norms and values entailed in relations of trust are culturally variable. For example, the practices required in modern democracies of public servants, to be seen to be trustworthy, include avoidance of conflicts with personal and familial interests, and the refusal of monetary gifts. In other cultural contexts, preferences for one's kin and the acceptance of money-gifts may be a necessary and normative part of being regarded as trustworthy and honourable. It's not that trust 'arises from' or 'emerges from' the shared values and norms, nor vice versa. 'Trust,' 'norms' and 'values' are simply generic and abstract names we give for certain kinds of actions, interactions and exchanges in differing situations – they are only retrospectively imagined as internalized or incorporated into the individual. But the complex activities entailed in trust, and in trustworthiness, are also the observance of cultural norms, and they work in pursuit of many things that people value.

Money and trust

Having described trust *per se*, my public policy example is money – legal tender issued by a public authority (central bank) underpinned by systemic or abstract trust. My example of 'irrational' behaviour is the finding that people 'mispredict' future utility (defined as 'subjective well-being') when making decisions about augmenting incomes.

The chartalist theory of money, by contrast with the commodity theory, is seen as 'heterodox' in the discipline of economics. For the present purposes, though, it has the advantage of placing money originally in the context of public authorities, rather than seeing it as a creation of market transactions. It argues that a centralized authority had to declare an abstract monetary unit of account and a means of payment to represent it. The state declares the unit and the 'thing' that stands for it; those who agree to a contract can then confidently denominate the value of goods in terms of that unit, and use the 'money-thing' to discharge their debts. This theory points, for historical backing, to the hierarchical nature of ancient civilizations and their customary payments of rents, tithes, taxes and fines to royal palaces and temples (Wray 2002). These obligations would originally have been discharged in basic commodities, especially grains, or in labour, but the central authority could also specify unit-weights of precious metals as equivalents. Minted coins began to be issued by rulers (but only many centuries after the first appearance of money-of-account) in order to facilitate the payment of taxes and fines into the ruler's own treasury. This may have helped to reward soldiers or other servants of the state who did not produce agricultural goods (Peacock 2003). But, whatever commodified form money took, its validity 'is secured by its acceptance by the state as payment of taxes and in payment by the state for the goods and services of its citizens' (Ingham, 2004, p. 55). Currency, whatever its material or immaterial basis, is the currency because the state imposes a tax in order to purchase military or other public services, or to accumulate a basic commodity such as grain. It issues a monetary token as evidence of its debt, and then accepts it back from its subjects in payment of tax. Subjects can trade in coins (or whatever represents 'money' physically, such as tally-stocks) among themselves in order to earn more of these tokens and to meet their tax obligations to the treasury, thus participating in a monetised market that was created by the actions of rulers – rather than by an unregulated 'free' market. The institution and evolution of monetary systems are seen then to progressively rationalize and transform economic behaviours and social interactions over the course of history.

Ingham makes the general statement: ‘Money is a promise, and the production of a promise involves trust’ (Ingham 2004)(p. 74). Historically, however, enforcement and the threat of punishment must have preceded any such ‘trust’ in currencies (Ingham, 2004, pp. 55,65; see also (Wray 1998). In order to accept – indeed to trust – money, someone initially had to inflict pain, or to beat and burn it into us. [iii] In more civilized times, penalties for counterfeiting or for creating alternative competing currencies have to be imposed. Ingham further hypothesizes a transformation in the relations of trust when (initially purely private) credit-based exchanges are incorporated into the state and extended beyond the ‘closed circuits’ of *interpersonal* trust, to be accepted by a whole community.

> The creation of extensive monetary spaces requires social and political relations that necessarily exist independently of any networks of exchange transactions. The extension of monetary relations across time and space requires *impersonal trust and legitimacy*. Historically, this has been the work of states […] The essential monetary space for a genuinely impersonal sphere of exchange [in credit-money] was eventually provided by states (Ingham, 2004, pp. 187, 122, original italics).

A similar idea, focused on ‘financial institutions’, is stated by Lapavitsas:

> [C]redit-related trust is transformed from a private and subjective into a social and objective relationship as a result of the practices of financial institutions… [T]he capitalist credit system is a set of institutional mechanisms that turn trust into a formal, objective, measurable, and therefore social, relationship (Lapavitsas 2007)(Lapavitsas, 2007, p. 418).

There could be no uniform means to achieve such a transformation from *inter*personal (private, subjective) into *im*personal (social, objective) trust, as it would be contingent upon historical circumstances, but, in the case of money, it could not happen without legitimate forces of the state. In a similar vein, Luhmann had referred vaguely to ‘one all-inclusive act’ that ‘replaces’ trust at the level of individuals with a ‘generalized trust’ in money (Luhmann, 1979, p. 51). Lascaux argues that society’s ‘collective agreement’ on the acceptability of money depends upon a regulated hierarchical institutional structure, with state money enjoying the highest levels of trust, and hence a political authority lends the system legitimacy (Lascaux 2012)(p. 77).

> Trust in money can exist in three principal dimensions: that the monetary promises will be kept and debts will be repaid on time and in a previously agreed form and

> amount (this condition can be termed 'the liquidity of money'); that money will be widely accepted as a legal means of payment in discharging private and public obligations (the acceptability of money); and that the value of money relative to other goods and services will remain constant or, at least, vary only within predictable limits (the stability of money) (Lascaux, 2012, p. 75).

Trust is now treated as a fundamental explanatory condition for the effectiveness of money. According to a former governor of the Bank of England :

> Trust obviates the need for money, and money without trust has no value. Perhaps it is trust [not money] that makes the world go round (King 2016)(p. 83).

A fiscally prudent state with an orthodox macroeconomic policy and an effective rule of law (to standardize and enforce its own currency) is an essential institutional background for the 'trust in money' that these authors observe. The trouble with this is that 'trust' is being used as a 'soft landing' for the explanation of money, and none of the authors cited above attempts to explain trust *per se*.

Misprediction of utility

Having introduced money in relation to the socially shared and 'abstracted' condition of trust, I now turn to the observation that people often make decisions that are apparently 'irrational' when gaining, spending and saving money. Above, I have already considered one means to overcome the inertia to save (the voluntary opt-out method).

'Misprediction of utility' refers to an observed behavioural 'distortion' that leads people to 'underestimate the utility relating to aspects of consumption satisfying intrinsic needs (time spent with family and friends or on hobbies),' while *over*valuing 'consumption satisfying extrinsic desires (income and status)' (Frey and Stutzer 2014, 938). By this hypothesis, people tend to prefer more income, while sacrificing time with family and friends; or spending earnings in the near future, while sacrificing a higher income in retirement through saving. These preferences are 'irrational' in as much as they produce lower levels of utility (defined as subjective well-being) when 'life as a whole' is taken into account (including economic and non-economic values).

The very idea of a *mis*prediction of utility implies that there is an alternative correct or rational prediction of utility. Someone with greater knowledge of social and economic outcomes (a happiness researcher or a policy technocrat) is apparently the ideal person to plan how to 'nudge' people's choices closer to the 'rational' option. Although research on happiness assumes that it is the individual who best knows how to evaluate his or her subjective well-being (either in the present or in terms of 'life as a whole'), parentalism emerges when it's found that people's choices may not be consistent with those which maximizes happiness (according to research). Excessive materialism and the pursuit of higher incomes, at the expense of intrinsically rewarding social connections, are counter-indicated by the research evidence (Kasser 2002) (Frey and Stutzer 2014). What should governments do, if anything, about this?

The really troubling conclusion may be that neither rational utility-maximization nor subjective well-being (aka happiness) constitutes the ultimate criterion of human decision-making, after all. If the latter were our goal, then why do we so frequently get it wrong and pursue money and wealth instead? Why do people care who's on the Forbes 500 list? The alternative, optimistic conclusion is that, where individual decision-making and markets may have 'failed' in the pursuit of happiness, governments can and ought to step in:

> Happiness is increasingly considered the proper measure of social progress and the goal of public policy (Helliwell, Layard and Sachs 2017, 3).

Should we be 'nudged' away from relentless pursuit of money, by public-policy instruments, and towards intrinsic well-being rewards through less commuting and more time with family? This could be viewed as a question of values, or, more precisely, which values take precedence over which. I wish instead to regard this as a question of trust, where trust is understood *not* as a value, nor even as 'emerging from shared values,' but instead as a quality of social relations enacting norms and obligations and producing results that the actors value. Invoking trust thus signifies forms of 'normalization' in the sense of the inculcation and preservation of normative inter-actions, such as promising, delivering, forgiving, abstaining, etc. As such, we may in particular circumstances be able to choose not to trust some individuals, but fundamentally 'not to trust at all' is not a choice we can make. No matter how rational or irrational it may seem to trust, there is no opting out of trust altogether. Hence, we need to examine the structure of choice itself – and to go beyond the methodological individualism that assumes that the world of social, political and economic actions is the net-sum effect of the rational choices of individuals.

'Nudgenomics' intervenes into the logic of free choices, but it does not address the structure of choice, particularly 'forced choices' where there is no 'opt-out.' What, then, is a 'forced choice'?

Money as a forced choice

Suppose you go into a supermarket to buy milk, and there are two brands, A and B. So, you can buy A *or* B. Logically, this *or* may be exclusive or inclusive. If you only can afford, or only want, one of the two, then you have a choice of either A or B, but not both. Choosing A, however, did not *deprive* you of the choice of B –until the purchase is made. The choice, when presented to you, deprived you of neither. If you have enough money for two units, moreover, there is a third inclusive option: buy both A and B. So far, so good, applying an Aristotelian logic that is also the logic of 'the free market'.

There is, however, an alienating form of *or* which operates quite differently. Your options are: have *neither* A nor B; or choose B, but be *deprived* of A. This is the logical structure of a *forced* choice. The armed robber's injunction 'your money or your life' does not present you with a choice between saving either your money or your life, because, if you 'choose' to hold on to your money, then you will lose your money anyway, after losing your life. You end up with neither. So 'your money' is not really an option you can choose. The only 'choice' is to surrender your money in the hope of saving your life. The choice has been decided in advance. Another example of forced choice is: 'Your freedom or your life' (when that means, 'slavery or death'). The captive who reasons that there is no 'life' worth living without freedom ends up with neither; the slave lives (Dolar 1993).

The forced choice in the contemporary discourse of trust and money, however, is *not* the same as 'your money or your life' (lose your money and live, or lose your life *and* your money). Instead it is: '*Our* money or your life' (accept Our money, or renounce normal life). I capitalize 'Our' to signify that this (non-)subject pertains to the big Other. No person actually says it to you. But if you reject 'Our money', then you can't have the kind of life that is normative and recognised; you will be couch-surfing and dumpster-diving, living in the wilderness, and/or acquiring cash-free means of production and exchange. A 'cash-free' person may be living on other people's incomes and assets anyway; indeed, all humans began life, and end it, 'cash-free'. In any case, for those who renounce cash, a loss of 'life' does not refer to life in its animal, biological sense, but rather in its normative social, civil sense. One abandons a style of 'life,' but lives by occupying an exceptional status and adopting extraordinary habits – sufficiently extraordinary that people may write articles or make a movie about you, as in the cases of Daniel Suelo, Mark Boyle and Heidemarie Schwermer. One goes into a social 'exile' of sorts – continuing a long history of ascetics, mendicants and renouncers such as Franciscans and Jainists. The forced 'life-choice' for the rest of us, however, is to accept 'Our money'. It is decided in advance that one will adopt the common monetary rationality in general, and a national currency in particular. This is a part of the process of emerging from the primary dependence on the family (the realm of gift-exchange) and participating in 'civil society' (in Hegel's sense) as a self-interested actor conscious of one's own freedom – a situation made possible by the state through recognition of your freedom and enforcement of your rights.

The 'trust' that is attributed to those (almost all) of us who participate in monetary economies is a forced choice. It is like the injunction to trust and honour one's parents, given that one didn't choose them. The frequent use of the word 'trust' serves only a 'soft' explanatory purpose for theory of money. It masks the 'obedience', or the forced choice, as if it were an authentically 'free' choice. It re-presents and naturalizes a contingent, yet almost inescapable, socio-economic order as a system in which we *choose* to participate. A veil of freedom of choice exists in the ranges of products and brands, each with its price. Money, perhaps more powerfully than any other social institution, constitutes the logic and the vector of choice itself. Money is said to give us choices; without money, we have few choices in life. But paradoxically, our 'acceptance' of money itself is a forced choice; it is the product of force and a productive force in itself; to be upheld, it calls for the force of law and, as a last resort, the force of arms.

A political kind of trust

We may in particular circumstances be able to choose not to trust someone, but fundamentally 'not to trust' is *not* a choice we ever make. No matter how rational it may seem to trust, it is not a 'rational choice' (which implies an option not to choose it); there is no opting out of trust altogether. There is no opt-out clause in the form of a Lockean 'withdrawal of consent'; there was no contract to begin with. If we can imagine a political form of trust at all, then, as citizens, we have little choice but to trust, just as we had little choice but to trust our parents. There are obligations between parent and child, and so there are between state and citizen, but there was no original contract in either case. The ideas that we were supposedly all born free and equal, and that we have traded off some of that freedom to licence the state to act in our favour, are nice ideas, but they do not conform with historical facts.

The systemic trust that monetary systems and governments rely upon needs re-examination before we consider interventions into 'choice architecture.' Recent political events reinforce a belief that political trust is 'in decline.' A crisis of trust – or is it a triumph of distrust? – has swept the world's democracies. The Brexit vote and the Trump presidency are prime examples,[iv] reinforced by opinion surveys that reveal respondents' declining 'trust' in government and media (Edelman 2017) (Pew Research Center 2015) (Twenge, Campbell and Carter 2014), and by an overall decline in voter participation rates (Martinez i Coma 2016) (Solijonov 2016). Political commentators (Friedman 2016) (Wedel 2016) and surveyors (The Economist Intelligence Unit 2017) (Ries 2017) draw direct links between an 'implosion' of popular trust in governmental institutions and the rise of disruptive populism. But, before we simply take the social surveys of trust at face value, we must note that they are simply asking individual respondents their private opinions.

We could, alternatively, pay heed to a Hegelian view of the state and distinguish people's *opinions* about governmental institutions from 'what they genuinely will,' or the basic sense of order that they actively rely upon.

> They trust that the state will continue to exist and that particular interests can be fulfilled within it alone; but habit blinds us to the basis of our entire existence (Hegel 1991, 289)(§268).

From that point of view, public opinions about trust are no more than opinions, whereas everyone who makes lawful use of the public roads, the legal tender, the meteorological service, etc. is enacting a shared trust in the state. The state produces, preserves and regulates itself through its differentiated powers and functions. All of the particular institutions and individuals that are its members rely upon the state for their security and their duties, and for the free pursuit of their aims, but none of them can voluntarily opt out. This is the basis of 'the political disposition': we are forced to trust, in the interests of our continued existence. But distrust is not thereby banished either.

Similarly, Britons who voted for Brexit and Americans who voted for Trump may have been seeking to disrupt their political systems, but their choices nonetheless could have 'reflected their basic *trust* in the political system with which they were ostensibly so disgusted, because they believed that it was still capable of protecting them from the consequences of their choice' (Runciman 2016). Institutions of the state and its public servants would ensure that the essential services on which the people rely would continue undamaged. People may tell surveyors that they do not trust government, and yet actively trust electoral and governmental systems all the same. The individualized and purely 'cognitive' trust, as operationalized for social surveys, results from and exacerbates a failure to perceive the complexity of political trust and its paradoxical *relational* character.

Conclusion

The real architecture of choice in public policy needs to be considered in order to comprehend techniques such as nudges and associated assertions about abstract values. This requires questioning more than just the choices made by citizens and by policy-makers. It requires us to examine critically the structure of choice itself, including that which is ‘constitutional’ of the policy-making system. We may therefore begin to question the ‘choice architecture’ that surrounds the decision-makers, before we draw any conclusions about their efforts to shift the decision-making norms of citizens.

I have considered the examples of supposed ‘misprediction of utility’ whereby people appear to prefer earning higher incomes (with longer working hours or commuting-times) over the intrinsic life-satisfaction gained from time with family and friends, and whereby people neglect to save in favour of short-term consumption. In as much as this ‘misprediction’ may call for some kind of correction through public-policy instruments that ‘nudge’ people’s choices, and regardless of how highly a rational observer might value such policies, the use of these techniques presupposes ‘free will’ and a systemic or abstract political trust. A choice to trust at this political level, if there is one, however, is ‘made in advance,’ as it is a forced choice. A great deal of trust is placed in the rationality of elected and unelected policy decision-makers (e.g., that they act in the public interest and that their actions are founded in empirical evidence) – while the separation of powers presupposes that no one can be trusted unconditionally. Recent political events around the world give us pause to re-examine the underlying rationality of democratic decision-making and the means used to influence and implement it. We need therefore to examine the ‘choice architecture’ that guides these decision-makers, and to ask what makes it more likely that policy interventions will rationally be in and for the interests of the whole of a society.

Any election in a representative democracy can be regarded, in traditional Burkean terms, as a matter of trust. But political trust has become an even more profound and vital question in recent times. A re-examination of trust in political theory is called for, especially as trust has too often been defined by social and behavioural scientists in terms that are merely cognitive, individualistic and self-interested. A pragmatic, relational and dialectical understanding of trust, on the other hand, can better comprehend the underlying role of political trust and its relationship to values in public policy. Realising that political trust is a forced choice gives us a clearer appreciation of 'the *real* architecture of choice' that surrounds policy decion-making.

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[i] (Dunn 1988); (Gambetta 1988); (Hardin 2006); (Jones, 1996); (Luhmann 1979); (Misztal 1996); (Blomqvist, 1997); (Sztompka 1999); (Warren 1999); (Morrone, Tontoranelli and Ranuzzi 2009).

[ii] '[C]ertain societies can save substantially on transaction costs because economic agents trust one another in their interactions and therefore can be more efficient than low-trust societies, which require detailed contracts and enforcement mechanisms' (Fukuyama, 1996, p. 352).

[iii] This resembles the Nietzschean view that the capability to promise and hence to trust (in this case, in currencies) arises from the exercise or threat of state violence (Nietzsche 1998).

[iv] One may also cite the failure of a referendum and subsequent change of government in Italy, the impeachment of the president of Brazil, Colombians' rejection of a peace treaty negotiated with rebels, the rise of anti-immigration and 'protest' parties across Europe.