What is sludge? Comparing Sunstein's definition to others' *Newall, 2023*

Context

The concept of sludge, was popularised by Thaler (2018), and has been covered by Sunstein in numerous papers.

Newall's paper provides a perspective on the ongoing debate about what exactly constitutes sludge and how it should be defined and distinguished.

Key Insights

Sunstein's definition of sludge

Sludge according to Sunstein refers to **anything that contrastingly makes an action harder to do**, this could involve waiting time, reporting burdens, form of design, administrative, or travel-realated friction. All of these **increase the effort required from users to take their desired action.** Sunstein also states that sludge is usually bad for people but there can be cases where it is good.

Other definitions of sludge

- Shahab and Lades (2021) also focus on excessive frictions that prevent beneficial actions
- Mills (2020) proposes that nudge and sludge are symmetrical, whereby nudges decrease frictions whilst sludges increase frictions. Along with this he introduces the terms 'Pareto' for a nudge or sludge which increases the nudgee's welfare, and 'rent-seeking' for a nudge or sludge that decreases the nudgee's welfare.
- Thaler (2018) also provides similar examples of sludge involving frictions but also goes beyond this by using the Bernie Madoff Ponzi scheme as an example of a sludge. Thaler views beneficial frictions as nudges rather than optimal sludge, which emphasises his argument that sludge is bad.

How is sludge used?

- People have limited time and attention and so one example of sludge is long and confusing disclosures.
- Dark patterns are deceptive aspects of websites that encourage people to pick options they don't actually want e.g pre-ticked checkboxes to sign up for mailing lists.
- Another example is on gambling websites, showing a pre-filled deposit input field with higher amounts, leveraging anchoring bias, which results in people tending to set higher deposit limits.

Implications

- Have you identified any frictions that may arise in actions your customers want to take?
- How did you identify these frictions?
- How easy to understand are disclosures you use? Is there a risk of consumers missing crucial information?

Newall, P. W. S. (2023). What is sludge? Comparing Sunstein's definition to others'. *Behavioural Public Policy*, *7*(3), 851–857. doi:10.1017/bpp.2022.12
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