

The i-frame and the s-frame: How focusing on individual-level solutions has led behavioral public policy astray



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UNIVERSITY)**



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Thaler and Sunstein's behavioral revolution

2003

Libertarian Paternalism

By RICHARD H. THALER AND CASS R. SUNSTEIN*

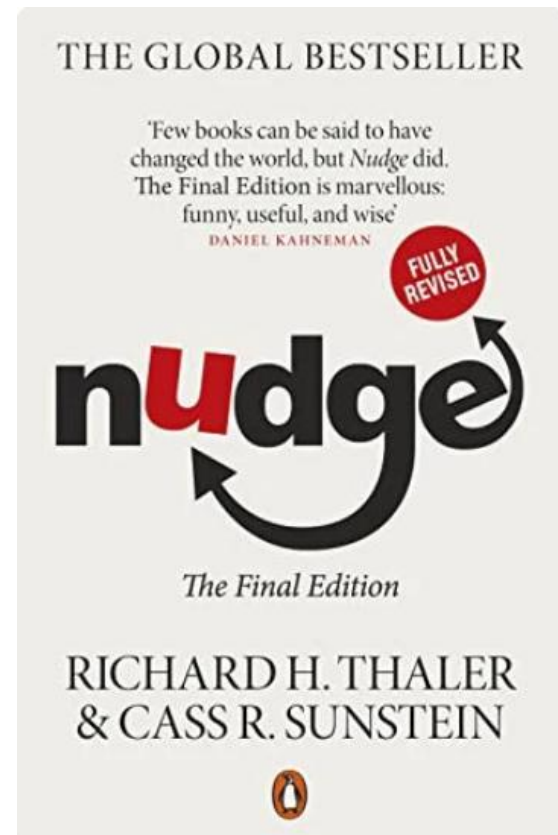
Libertarian Paternalism Is Not an Oxymoron

*Cass R. Sunstein†
Richard H. Thaler††*

REGULATION FOR CONSERVATIVES: BEHAVIORAL ECONOMICS AND THE CASE FOR “ASYMMETRIC PATERNALISM”

COLIN CAMERER, SAMUEL ISSACHAROFF, GEORGE LOEWENSTEIN,
TED O'DONOGHUE, AND MATTHEW RABIN†

2008



Libertarian paternalism: third-way or over-reach?

“The best way to get someone to cut their electricity bill is to show them their own spending, to show them what their neighbors are spending, and then show what an energy conscious neighbor is spending...Behavioral economics can transform people’s behavior in a way that all the bullying and all the information and all the badgering from a government cannot possibly achieve.”



Former Prime Minister David Cameron, who established the first “nudge unit” in 2010

Libertarian paternalist: third-way or over-reach?

It has long been thought that to reduce environmental harm, the best approach is an economic incentive, perhaps a corrective tax. In recent years, however, increasing attention has been given to non-monetary interventions including 'nudges', such as information disclosure, warnings, uses of social norms, and default rules. A potentially promising intervention would automatically enrol people in green energy, subject to opt-out.



Cass Sunstein, 2021, Nature Human Behaviour

A new “behavioral” approach to public policy?

- ⊙ Public policy is traditionally the domain of economists, sociologists, legal scholars and political scientists,
 - focus on rules, norms, market mechanisms and institutions: the s-frame
 - ⊙ New millennium: increasing enthusiasm for behaviorally-inspired ‘i-frame’ policies – interventions that target individual behavior
 - ⊙ The i-frame sees **human frailty** as the root of many of society’s problems
 - excessive self-interest, present bias, diffusion of responsibility, information avoidance, confirmation bias, etc.
- The policy solution is to ‘fix’ individual behavior.

(Camerer, Issacharoff, Loewenstein, O’Donoghue & Rabin, 2003; Sunstein & Thaler, 2003; Thaler & Sunstein, 2003)

But are nudges really an **alternative** to taxes and regulations?

◎ I(individual)-frame

- Using behavioural science to help people “play the game” better
- Taking the rules as fixed

New and exciting?

◎ S(system)-frame

- Using behavioural science to work out why the game is “going wrong”
- And find better rules

Old-fashioned?

An appealing prospect because...

1. i-frame interventions (nudges, information, product education) are cheap
2. Potentially politically uncontroversial
 - Particularly important in times of political polarization (see earlier!)

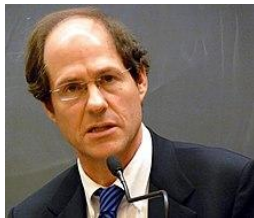
But can i-frame change help really substitute for s-frame reform?

Sadly, almost certainly not! Take climate change...

Nudge 1

⊙ Defaulting into green energy

- **Shuffles** existing consumers
- Raises prices for those defaulted on green tariffs
- But in an unequal way, so that “free-riders” can still get cheap, fossil-fuel energy



Nudge 2

⊙ Comparing consumer bills with other people (e.g., O-Power in the US)

- Can **reduce usage by 1-3%**
- Very cost effective
- But can only be a small part of the solution



Climate change requires s-level policies

- ◎ We will need to:
 - Shift to green electricity and (probably) hydrogen
 - Change how we heat our homes, produce and consume food
 - Change how we travel and ship goods
 - Rethink almost every aspect of manufacturing.
 - Massive R&D investment (by government and private sector)
- ◎ These are unlikely to be much affected, at least directly, by individual action.
- ◎ Will probably need both a substantial carbon tax and extensive regulation (e.g., Cramton et al., 2017; Markard, 2018; Energy Transition Commission, 2021).



Better, Faster, Cleaner: Securing clean energy technology supply chains



Financing the Transition: How to Make the Money Flow for a Net-Zero Economy



Streamlining planning and permitting to accelerate wind and solar deployment

The worrying possibility of “crowd-out”

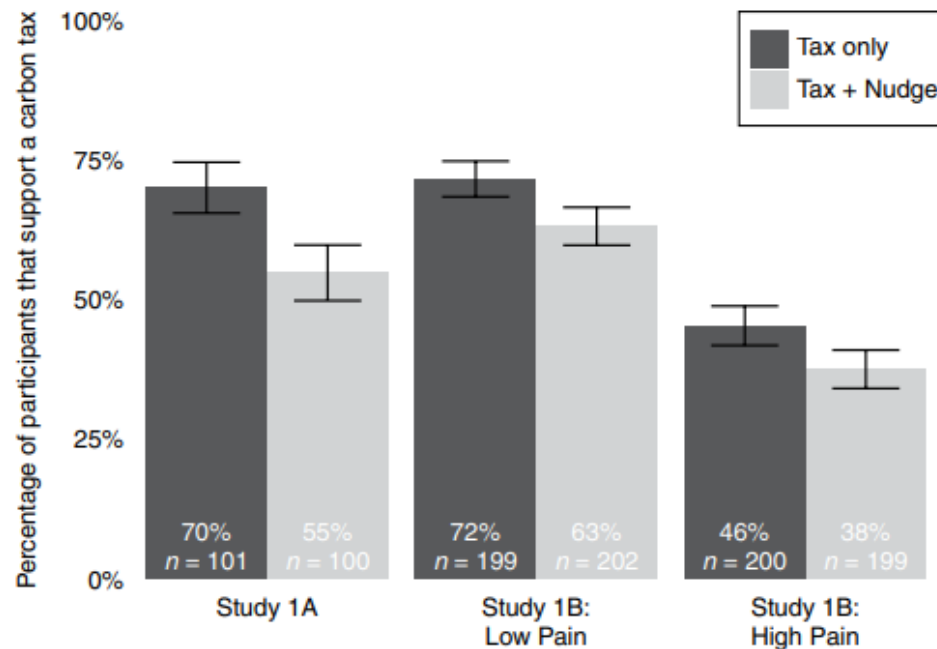
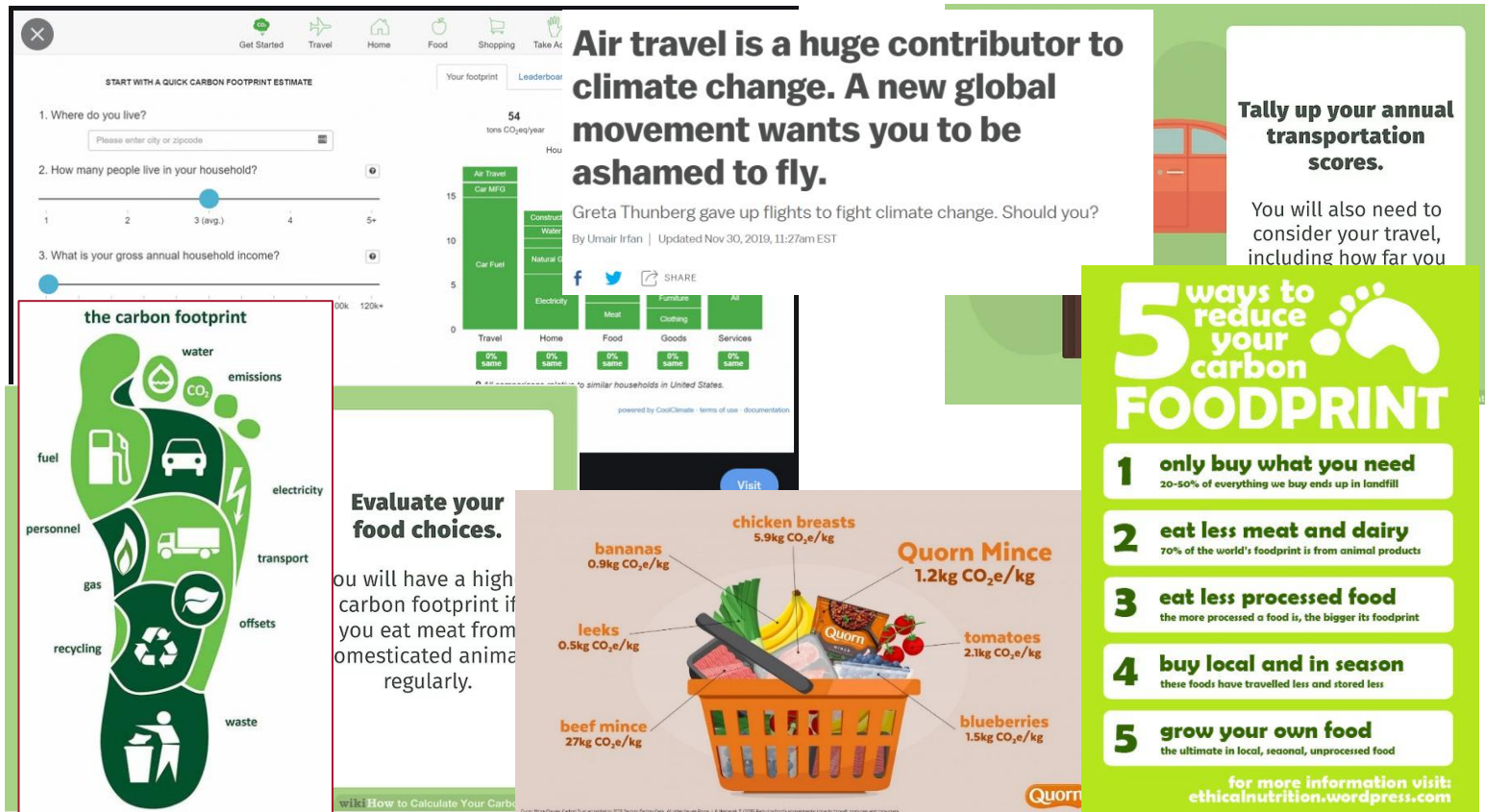


Fig. 1 | Introducing a green energy nudge reduces support for a carbon tax. Percentage of respondents that support implementing a carbon tax when presented with the tax only or the tax and the nudge (Study 1A, Study 1B: Low Pain) and under conditions in which the carbon tax is framed as more burdensome (Study 1B: High Pain). Error bars show $\pm$ one standard error.

Hagmann, Ho & Loewenstein (2019). “Nudging out support for a carbon tax.” *Nature: Climate Change*, 9(6), 484-489. (Study 2)

And, perhaps tellingly, PR from those opposing s-frame reform typically highlights the i-frame



Who invented the carbon footprint?

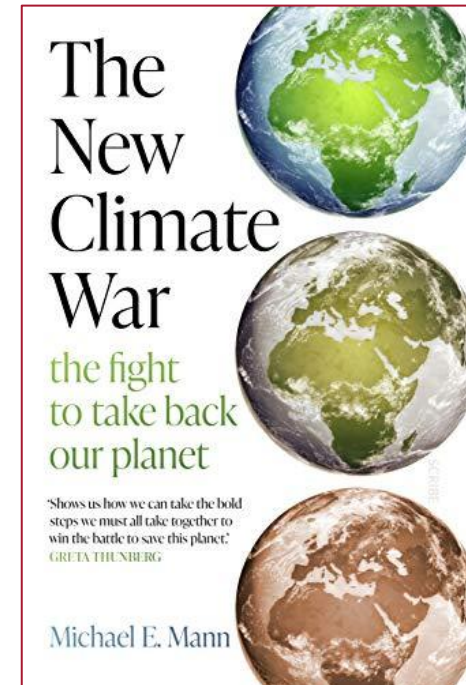
It turns out to be BP!

The “old climate war:” Discredit climate science

The “new climate war:” Promote the idea that climate change is each individual’s problem, not industry’s



Climatologist Michael Mann



◎ British Petroleum's *Beyond Petroleum* campaign invented, then promoted, "carbon footprints"

→ Huge success: Media, NGOs and government have all created carbon calculators

◎ The hidden rationale for the campaign:

- Carbon footprints **focus on the i-frame** (individual-level)
- **Distracts attention from s-frame** (system-level) reforms

◎ Also used to **drive a wedge** between advocates of s-frame policies:

"Dividers have sought to target influential experts and public figures in the climate arena as "hypocrites" by accusing them of hedonistic lifestyles entailing huge carbon footprints" (Mann, 2021: 82).



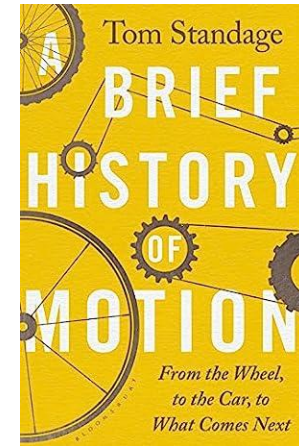
The same pattern is everywhere---and always has been!

Journalist Tom Standage:

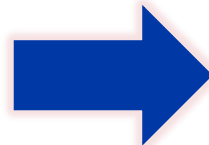
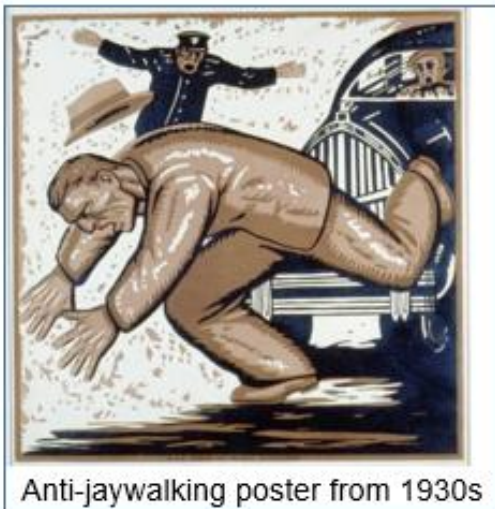
“cars become demonized as child-killing death machines in the early 1920s,” which began to hurt sales.

The motor industry “...comes up with this very interesting strategy. The problem here is uneducated pedestrians. It’s not the drivers. It’s not the cars. It’s not the road design. In particular what they do is they weaponized in America one particular word, which is the word ‘jaywalker’.”

Same strategy by commercial interests re: food tobacco, alcohol, opioids, gambling



But modern road safety initiatives have focused on the s-frame---“designing out” risks through clever (and behaviourally-informed) s-frame policies



Aligns, of course, with a focus on **prevention**

The limits of i-frame interventions and Thaler/Sunstein's libertarian paternalism

- ⦿ Focusing on individual cognitive limitations is analogous to seeing hunger or cold as weaknesses in human physiology
- ⦿ An i-frame perspective on hunger and cold: helpful hints on how to find food and keep warm in a hostile world
- ⦿ But human progress has arisen through s-frame changes: the invention and sharing of technologies, economic institutions, and legal and political systems
 - Individual humans, across time and societies, are surely much the same, but the systems of rules we live by have changed immeasurably.
 - Successful s-frame change has, been transformative in overcoming our physiological, *and our psychological*, frailties.

Shifting the question for (behavioural) public policy

Debias
society!

Work out what
will maximize
utility!

Design policy
to achieve
this!

What do people really
want?

See Sugden, R. (2013). The behavioural economist and the social planner: to whom should behavioural welfare economics be addressed?. *Inquiry*, 56(5), 519-538.

A modest behavioural public policy

~~Debias
society!~~

~~Work out what
will maximize
utility!~~

~~Design policy
to achieve
this!~~

~~What do people really
want?~~



What shall we agree?

Feed “quirks”
of thoughts
and behaviour
back into the
public debate

Suggest “helpful”
options

But the people
decide

How much can behavioural public policy be expected to achieve?

- ◎ The entire world of law, science, languages, technology, the arts has “evolved” around human biases
 - And is continually shaped by human creativity and cleverness (not blind variation and selection)
 - Behavioural insights doesn't provide solutions---it provides (at best) helpful hints and pointers
 - And behavioural **principles** are particularly helpful, where available

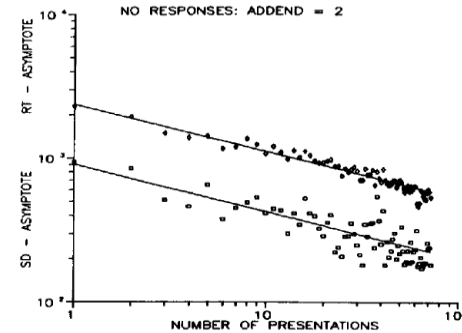
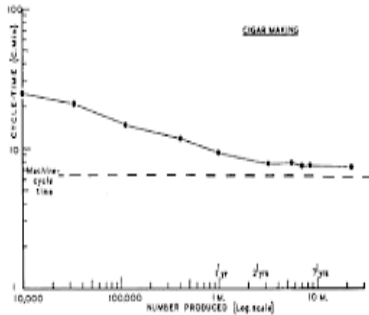


BPP as gardening (!)

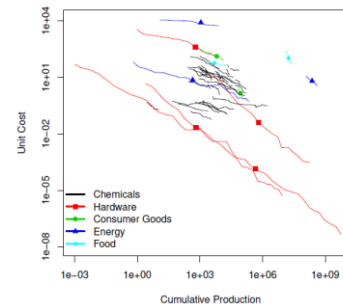
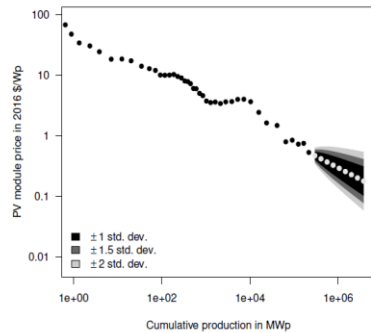
3 key behavioural principles

1. The power law of practice
2. The mind as a “comparison machine”
3. Renegotiating the social contract

1. The Power Law of Practice



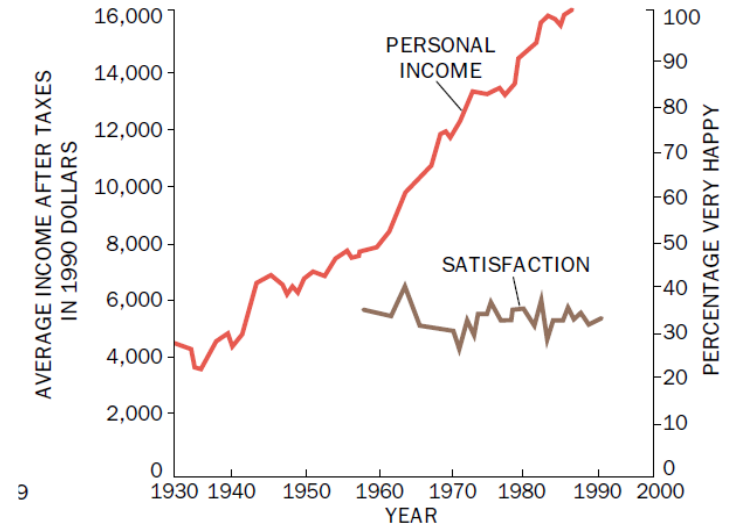
$$18+35=53$$



Across entire industries

- Switching to new behaviours is hard (and individuals and companies)
- We get faster and more efficient *predictably*
- The longer lockdown/social distancing is in place, the more likely new behaviours will be more efficient than the old

2. The mind as a “comparison machine”



- We are more adaptable than we think!
- So many adaptations may seem challenging, but will actually be “painless” (e.g., dietary change, less travel)
- But not for everything
- Crucial test: increasing or decreasing satisfaction with new behaviours over time?

3. Renegotiating the social contract

- ◎ People can, by mutual agreement, change the ‘rules’ of appropriate behaviour remarkably quickly (e.g., post-Covid handshakes, social distancing, home-working, zooms)
- ◎ Which rules will “stick” depends on how much we see the new logic of behaviour as
 - *Specific to the emergency, or The way of the future*
 - *We need Net Zero to help shape which rules we retain (e.g., reducing carbon intensive activities such as aviation)*



VS



How might principles help?

1. The power law of practice: Consider maintaining behaviours that are now (or will soon be) more efficient

Crucial question: what have we been “practicing” and how much quicker are we?

2. The comparison machine: Don’t be locked into trying to recover the prior status quo

Crucial question: what are we getting to like more or less as time goes by?

3. Renegotiating the social contract: what to keep, what to jettison?

Crucial question: which new norms are seen as “emergency measures” vs “the way of the future”

Conclusions

- ◉ Many behavioral scientists focus on the “i-frame” not the “s-frame”
- ◉ Such i-frame interventions, with useful but limited effects, reduce support from more effective systemic actions
- ◉ Keep nudges in perspective! An incredibly useful method for business and government---but not an alternative to s-frame reform
- ◉ Researchers advocating i-frame solutions need to stress that i-frame and s-frame change are **complements**, not **alternatives**
- ◉ And libertarian paternalism is not enough---we need behavioural insights to help shape better s-frame policy
- ◉ Behavioural insights can, instead, help us---the citizens---have a more informed debate about **what agreements we can reach**

Nick Chater & George Loewenstein

IT'S ON YOU

How Corporations and Behavioral Scientists
Have Convinced Us that We're to Blame
for Society's Deepest Problems

Out on January 27, 2026!