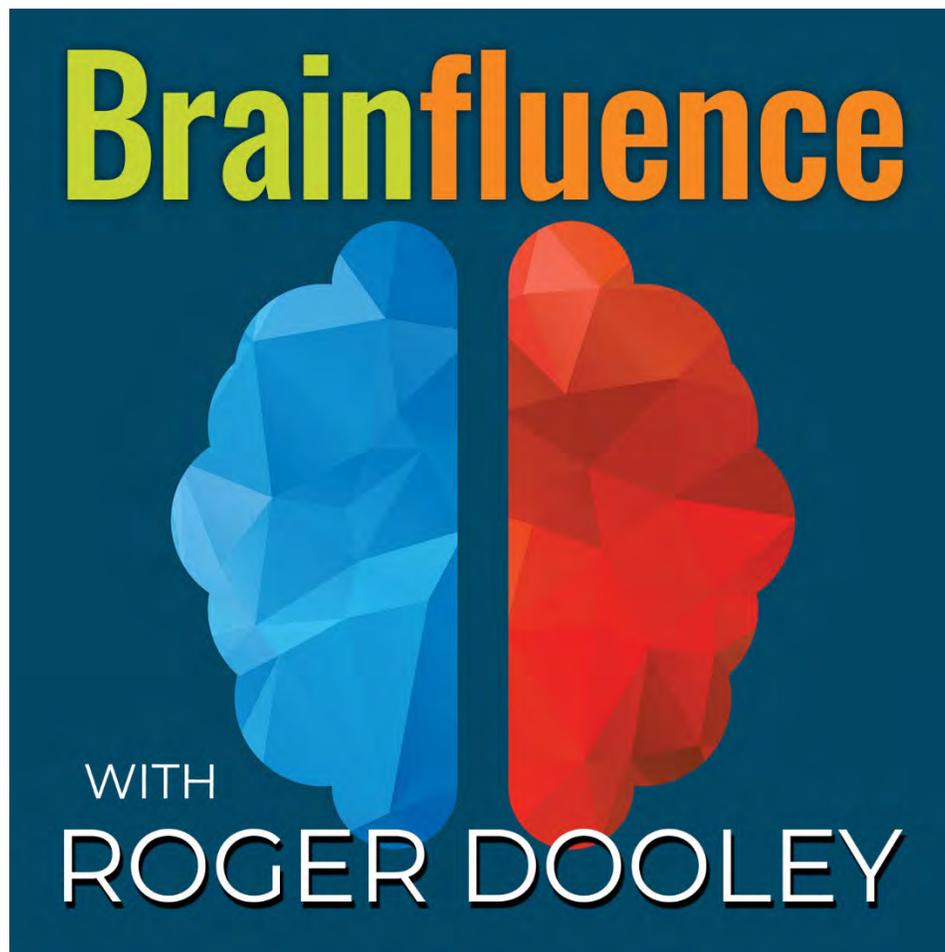


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**Full Episode Transcript**

**Brainfluence with Roger Dooley**

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## SUNSTEIN CASS AUDIO FINAL

**Intro [00:01]:** Welcome to Brainfluence, where author and international keynote speaker, Roger Dooley shares powerful, but practical ideas from world class experts. And sometimes a few of his own. To learn more about Roger's books, Brainfluence and Friction, and to find links to his latest articles and videos, the best place to start is Rogerdooley.com. Roger's keynotes will keep your audience entertained and engaged. At the same time, he will change the way they think about customer and employee experience. To check availability for an in person or virtual keynote or workshop visit Rogerdooley.com.

**Roger Dooley [00:39]:** Welcome to Brainfluence, I'm Roger Dooley. Today's guest will make all of us feel like underachiever. He's authored and co-authored dozens of books. This year alone three have come out, one solo effort and two he co-authored with different Nobel prize winners. He's a professor at Harvard where he found the program in behavioral economics and public policy. He served in a variety of senior government positions at the white house, the Pentagon and elsewhere. He advises the UK's behavioral insight team, commonly known as their nudge unit. His latest book is Sludge, what stops us from getting things done and what to do about it, which I am holding up for our video viewers. You probably didn't need that final clue to guess that today we are joined by Cass Sunstein. Welcome to the show Cass.

Unfortunately, at this point Professor Sunstein had some internet issues and we lost him saying hello. And also his answer to my first question, which was to ask him to explain what he meant by Sludge. So I'm going to take the liberty of reading the first couple paragraphs of the book itself.

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**[01:41]** The title of chapter one, by the way is, A Curse. *In all likelihood, your life has been made worse because of sludge, a viscous mixture, consisting of frictions that prevent you from doing what you want to do or from going where you want to go. My first goal here is to understand why sludge is so harmful. My second goal is to see what might be done to reduce that harm. Sludge comes from private and public institutions. It comes from small companies and from large ones, it comes from national governments and from state and local authorities, it comes from the United Nations, the European commission and the world bank.*

**[02:16]** *Lawyers impose sludge. So do courts. So do doctors and hospitals, banks certainly impose sludge. Although the problem of sludge is worse in some countries than in others, it can be found in every nation on the planet. And while my focus is on the United States, the basic lessons are much broader. Sludge is built into the human condition and we need to start to remove it piece by piece.*

**[02:40]** Cass, one of the more startling statistics in the book is that in the United States alone, we waste 11 plus billion hours a year complying with government requirements and processes and paperwork and such that's by my calculation, something like 35 hours per capita. What is all that stuff?

**Cass Sunstein [02:58]:** It's a crazy number, isn't it? So it may be the forms you fill out to pay your taxes. That's a lot of hours, that's big chunk of that 11 billion. Maybe the forms the truck drivers have to fill out in the morning and sometimes at night to make sure their cars are safe. Maybe the forms that the environmental protection agency makes companies fill out. Maybe the forms that nurses and doctors of hospitals have to fill out. So there's actually a document called the information collection budget of the United States that specifies per government agency, the number of hours and paper with requirements imposed every year.

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**[03:35]** I think it's not quite right to say that we waste 11 billion hours. Some of those are justified hours, making sure that people are eligible for certain kinds of benefits, that's okay. But if to be eligible for certain kind of benefits you have to have a nightmare of hours or days and weeks trying to understand something that isn't written in English, then the word waste is not unfair.

**Roger Dooley [04:01]:** Right, certainly some of those hours go to good use. I know my own personal example what you bring up in the book and I haven't gone through the process lately, but some years back when my kids were going through the college application process, I had to fill out the dreaded FAFSA form. And I recall spending so much time on that. And I had a business that I had to account for. They wanted business financial statements, they wanted personal tax returns. They wanted just an incredible amount of detail, assets. And I complied with all that stuff. But I was thinking at the time, how would somebody who was maybe slightly less capable of dealing with that sort of thing, maybe hadn't gone through accounting class and didn't do their own taxes and such, how would they cope with that? And in particular, probably those people in most need of financial aid are the ones least likely to be able to effectively fill out those forms.

**Cass Sunstein [04:54]:** You're making a great point which is about behavioral science and also about the human brain. So let's kind of back into that. The behavioral science point is even for someone who kinda understands how to do forms and has a lot of training, the amount of time spent on it is really excessive for the old FAFSA form it's been successively simplified, we'll see if it gets where it should be that's a real problem. For people who are, let's say busy, either because they're struggling with economic need or because they're dealing with a health problem or cause they're taking care of elderly parents or lots of kids, then the FAFSA form or things like it, that's worse than very challenging.

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**[05:37]** If your problem is you don't understand English so great or forms scare you or how to fill them out is just something you don't have the training to do, then the irony is just as you described with the people for whom the form is supposed to exist. That is the people in economic need, it's creating the most serious obstacle for them. So to see sludge in some cases is a kinda wall between human beings and something that can turn their lives around is completely right. And it may be the government, as in the case of FAFSA form, it might be a business that's offering some kind of service that's terrific for people, might be a training service. It might be something that investor or consumer or employee can really benefit from but if the sludge is excessive for an ordinary, let's say well trained person, it may be a wall. And if it's someone who is really struggling with something, it may be kind of maze in someone's trap like a rat.

**Roger Dooley [06:37]:** I'm sure that's true for many, many government programs, whether it's helping people with healthcare or other financial needs and such, it may be difficult to cope with these things. But how do you make the tradeoff between sort of prudent cautions to be sure that if you're gonna give a bunch of money to somebody, whether it's in the form of a loan or a grant or monthly income, that they really qualify for it and need it. I know we've just gone through the pandemic aid process and one really excellent feature of that was that the money got out to people fast in most cases there. I think there's one, the renters aid that has been notoriously slow in getting to the right place. But most of the financial aid went out really quickly. But at the same time you hear reports that gee there's been a lot of fraud and abuse. And I think that there's a tradeoff there, do you want it faster? Do you want it super accurate? Sometimes you really can't have both. Where do you draw the line or how as an administrator do you say, okay this is good enough?

**Cass Sunstein [07:37]:** Let's think about government and let's think about companies and let's talk about low hanging fruit. So the first thing you can do is do a sludge audit. And with the sludge audit what you do is you ask

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how much sludge is there. And then you will come up with a number, if you do it quantitatively and if you do it qualitatively you'll learn something. Let's say about citizens who are dealing with a form or you'll learn something about employees or customers who are dealing with some administrative burden or process. Sometimes the consequence of doing a sludge audit is the kind of gas of amazed horror, where the administrator who might be private or might be public will say, gosh, we're asking our people, whether they're customers or citizens or employees to spend this many hours on a form, and that will motivate reform. Often you can find that if you wanna achieve your all and you're referring to actual eligibility for program, you don't need a 17 page form, you can use a one or two page form and there might be costless reduction sludge.

**[08:54]** And we found in the pandemic a lot of that, where as you say a good feature, there aren't a lot of them with the pandemic, is it's concentrated the bureaucratic mind, let's say the government's bureaucratic mind or companies including non-profits, hospitals, thinking the current level of sludge which might be an in person requirement. A really good idea or not and in a pandemic you might answer that question with a kind of fierceness that you wouldn't outside of a pandemic context. And so we're seeing a lot of telemedicine. It's great for a lot of people, they don't have to go somewhere and there have been reductions in form filling requirements, in person interview requirements, just by concentrating bureaucratic mind on the way we always done it with respect to sludge, good idea.

**[09:45]** I'll get to your fundamental question now, which is suppose that's the case that if you reduce sludge it's not costless. So you might end up getting something to people who don't deserve it, whether it's access to a credit card let's say or whether its access to let's say a free replacement of a [10:04 inaudible] that is apparently damaged. Or let's say it's access to a license or a permit or an economic benefit. I've actually tried to figure out

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what the American people think about this and I've done some preliminary experiments on this. And it turns out that if the consequence of reducing sludge is you get a lot of people eligible for a benefit who wouldn't otherwise get it, who do deserve it. But at the same time you got a small number of people getting the benefit who don't deserve it.

**[10:36]** The American people start getting nervous, I bet this is true all over the world if the consequence of sludge is to get a lot of people eligible for benefit that they do deserve. But also to give a lot of people benefit they don't deserve, then people in my studies start to get nervous. But there's a lesson there, which is very simple, which is that if the consequence of sludge is to screen out lots and lots of people who deserve something that's probably too high a price to pay most people will think. Even if the consequence is to ensure that some people, some small number of people don't get the benefit who don't deserve the benefit. So we have to go program by program and business by business. But if you're telling employees that to be employees they have to do the equivalent of trying to qualify the Olympics, that's really hard. Then you're not gonna hire anybody because people are gonna look for another job. And so there's a balance to be struck and the balance right now is of a true pro sludge because we haven't focused on it's adverse effects. Most often on people who are struggling most because of illness or poverty or old age or something.

**Roger Dooley [12:08]:** I think one example from the commercial space is Amazon where they tend to have fairly liberal policies. They don't have very difficult password requirements. They don't log you out all the time and ask you challenge questions to be sure you're really you, even when you return something they pretty much take your word for the fact that when you drop that box off at UPS that the thing that you're returning is in there. They're also taking your word for the fact that it's defective and such and undoubtedly, they are victimized occasionally by fraudsters, but overall

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they're clearly one of the most successful, at least from a revenue and sales standpoint, successful companies on the planet. And I think that's why, and they're very profitable as well. I'm sure right off stuff because of fraud or simply things that should or return that should have been. But overall it's worked out extremely well for them and the companies that have very rigorous policies end up losing the sale to Amazon.

**Cass Sunstein [13:04]:** It's a great point and a great example. So I think the right word is optimal sludge. Now that's not going to get people excited. The word optimal tends to make people think Hmm, rather than hurray, but that you're exactly right optimal sludge. And the level of sludge that Amazon imposes on people, isn't zero. So to get conversation for a defective product you have to do something and to get a product you have to do something but it's really low. So Amazon has made a call that the right level of sludge, the optimal level of sludge is this little. And that's been a terrific business model for them. Typically I think in the modern era for companies, something like that is directionally the right call. That whatever level of sludge is now in place is typically too high. And that is not economically a desirable thing.

**[14:02]** It's not in terms of worker morale, a good thing. So to cut sludge from worker experience is often a big morale builder and in doing these sludge audits often and this has started to happen. Employees are asked about the amount of time they spend on paperwork or administrative [14:20 inaudible]. And you can do this for investors or colleagues, or anyone. It can be formal and quantitative as in the case of dramatic pause, the information collection budget of the United States, which as real numbers or it could be more qualitative. But it's typically the case that a wound is to lose a little bit in terms of allowing people to get something that they don't really deserve might well be worth it if that's the price of allowing a lot of people to get something that they do deserve and that makes their experience with their government or with a company, let's say a ton better.

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**Roger Dooley [14:58]:** I think you make an excellent point in the book Cass, that the presence of sludge shows disrespect for people who are subject to it. It shows that the entity that they're dealing with really doesn't care about them in the case of a business, of course, that reflects on the brand that, when your cable company makes you jump through all kinds of hoops to get the best price or whatever. At the end of that process, you may be stuck with them much like you're stuck with paying the IRS taxes because they're the only option in your area. But you certainly don't like the brand. And for employee, if somebody needs a stapler and they've gotta fill out the lengthy form and get it approved, that's really telling them that we really think you're not smart enough or trustworthy enough to decide that you need a new stapler because your old one is broken. So we've got a process for that.

**[15:48]** And we're at a point now that we're facing, what's been called the great resignation where people, many people, not everybody, but many, many people are anxious to change jobs and it's easier than ever to change jobs because of all the switch to remote work. We aren't as constrained by geography as we were a couple of years ago. And when you disrespect your employees like that, when you show that, well, we don't trust you. We don't believe in you. That has real costs.

**Cass Sunstein [16:13]:** Exactly 100%. And I think the word that, is really the word in a way of the current era is dignity and whatever philosophical position you hold. If citizens, employees, and customers don't feel that they've been treated with dignity, the negative effect is really severe. First it's really severe for them because if you feel you're dealing with a lot of sludge in order, let's say to get a driver's license or to get social security benefits or to get some payment from the company that you have a right to, you think that they're treating you as a thing and a thing that really doesn't matter. And the time spent on navigating sludge that's human time and to

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take it away is to impose a cost and the economist can do something with that and what they do is very valuable.

**[17:08]** But it's not enough for the reason you give, that if you give people a sense that they're not respected then the assault on their day or week or year, it's severe, they won't forget it. There's some tale in the book on administrative [17:23 inaudible] a wonderful book that helped inspire mine from an older guy, who had to fill out a bunch of forms in order to get a benefit and he was probably late eighties or something. And he's just quoted and he's saying, you know 3 years ago when I was sixty something I could handle this. Now they're making me fill out the forms and you could see all this exploding from the page, his combination of wit, he had a sense of humor about it, despair. And a [17:57 inaudible] that he's not been treated as a human being. That you take people who are in their eighties and you make them deal with this. As he's feeling it's insult on his dignity.

**[18:08]** And if you're poor, the take up rates for programs in the United States are frequently in the realm of 40 to 60%, that's a terrible deprivation. There are programs that are designed to help people to your point earlier and those are the very people who sludge is defeating. And the fact that they can get the benefit that's the primary entry, admittedly. But the indignity that there's a benefit waiting for them and that they're being stranded on some kind of island and they're looking for help and they're not getting it, that should not be discount.

**Roger Dooley [18:43]:** Yeah. And having to cope with it by say, employing social workers or helpers or volunteers and such, I mean, that's sort of a bandaid on the real problem. One word that I did not expect to see in the book cast was scarcity, which I associate with sort of other realms of behavioral science. But you talk about scarcity and bandwidth, explain how that affects sludge.

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**Cass Sunstein [19:05]:** Okay. So the behavioral point which I think is one of the most important streams of behavioral research in the last 20 years is that there's cognitive scarcity as well as economic scarcity. So each of us has limited processing power. And if we are hungry or sick or really busy or poor or lonely, we won't have a lot of processing power in our hand, in the sense that if you're hungry you're thinking about food, if you're lonely, you're thinking how can I get friends. If you're poor, you're thinking what about money. How am I gonna get through the day economically. The challenge is that when one is particularly struggling with limited bandwidth, sludge is something out of Kafka, it's a real horror, that is it's Friday the 13th part zillion. Meaning if you're really poor and all you're thinking about is how can my kids handle the economic situation you're struggling with, and then the government sends you a 18 page form, you might think I can't do it or I'll do it tomorrow and tomorrow never comes.

**[20:15]** So that's the sense in which cognitive, scarcity and the behavioral science relates in a [20:21 inaudible] way to the problem of sludge. And if you have a program for sick people and thinking now in particularly of people who have mental health challenges. If you have depression or anxiety or obsessive compulsive disorder, something, there are lots of things that can help, but if the government or the private sector or your employer imposes a lot of sludge, then the scarcity problem, if you're suffering from depression or anxiety might be definitive. I'll give you an example, may I have one solution to the problem? It's the only regulation I worked on, where I worked in the government under President Obama that I have a hard time discussing without crying. And it's happy tears.

**[21:06]** So bear with me, I think I'll be able to do it. I'll try. So it's a regulation that tries to meet the following problem, poor children in the United States are eligible for free lunch and free breakfast. It's a program that is widely supported in Washington, it's for poor kids. The problem is that a lot of parents don't sign kids up. And I think a large part for the reason you gave, that is cognitive scarcity, which is made more severe by

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economic scarcity. The parents are thinking I gotta get through the day. There's this form from the government, it's complicated. Maybe if I fill it out I'll get in trouble and a lot of them don't fill out the form, which means that a lot of kids are not subject to enjoyment of meals, to which they have a legal right. These are poor children. Eight year olds, 10 year olds.

**[21:58]** The program I was involved in, authorized by Congress is called direct certification, which the US department of agriculture can authorize states and localities and [22:08 inaudible] just to say, kid you're poor, you're in, you don't have to fill out any forms. And it raises the question you raised earlier about whether there's a risk to program integrity. Looks like there isn't, it looks like the kids who are deemed eligible really are eligible. Okay that's the wind up, the pitch is, at last count 15 million kids, 15 million American children are in the direct certification program, or one of its sibling programs, where they're automatically in. The level of sludge went from pretty high to zero. And when it went to zero, the number of kids went to millions. Now that's a statistic, but if you could see those kids, physically see those kids and know that they are in hard economic situation, getting free healthy meals, lunch and breakfast every day. Okay I didn't tear up.

**Roger Dooley [23:05]:** That is a really great point and a very positive thing too and talking about sludge because it can be eliminated and you can have fantastic outcomes. I'm curious, the latest edition of nudge a book of which I'm a great fan. It's been influential in my work certainly and influential around the world is dubbed the final edition. What's up with that? It's not something you usually see from authors.

**Cass Sunstein [23:30]:** Thank you for that. It was much litigated between the coauthors and with the editors and failure basically won. I love doing the book so much. I'd like to do 20 more editions but the judgment which in the end we collectively made was this, that a great finding from behavioral science and behavioral economics in particular is that pre-commitment strategies are often helpful. So if you pre-commit publicly, I'm never going

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to have another drink, that can reduce the incidents of drinking by you maybe to zero, or if you pre-commit publicly, I'm going to vote in this election that can have a big impact. Implementation intentions is a term for something that is a very soft pre-commitment strategy. Sometimes pre-commitment strategies come accompanied with sanctions of one or another kind. Having label this book nudge of the final edition, it would be really hard though I think quite fun to do another edition. But the reason for the title is our pre-commitment, we're not gonna do it again but if you read the preface you'll see some ambivalence about the subtitle.

**Roger Dooley [24:46]:** I've seen enough movies and TV shows where the hero is magically resurrected after he or she was killed off. So you know, it could happen I suppose. One last question Cass, your output has been so spectacular not just this year, but over the years, do you have any productivity tips? So for folks we certainly have people who are writers and authors that listen but how do you manage to get apparently so much done?

**Cass Sunstein [25:14]:** Thank you for that. When I worked in the white house under President Obama, I heard the speech writers say that what President Obama said to them is you can't [25:23 inaudible] blank page. And I love that and it resonated with me. So I am very willing to write a page that is terrible. I hope that I'm not very willing to publish a page that is terrible, that some of my friends tell me otherwise. Still I am very incautious about producing paragraphs and words, though I edit them like crazy and I'm very happy to throw them in the garbage. So I have a lot of writing that will never see the light of the day because it's so awful. But with nudge for example and with sludge, the number of drafts was really high. And it was liberating in both cases to be able to write a draft and to think, well, this really isn't what we're gonna want published but we at least have something that we can make better. I also don't have very need for startup time. So if I have two hours I won't be spending the first hour pondering, I'll be spending the first hour scribbling. And my hope is that eventually it's

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gonna turn into something that will be worth someone else, other than me reading.

**Roger Dooley [26:42]:** Well, that's a fantastic advice. And I'm personally going to try and emulate that. I'll let you know how it works out. How can people find you and your ideas online?

**Cass Sunstein [26:52]:** Well, I have a Twitter feed. I have Twitter account, I tweet. I'm not very good with the technical terms. I have books on Amazon.com, the social science research network. I have a lot of papers that can be found there. Most of them have a lot of foot notes or buyer. They are all free by the way but buyer metaphorically beware lots of foot notes.

**Roger Dooley [27:17]:** Great, well we will link to those places on the show notes page at [rogerdooley.com/podcast](http://rogerdooley.com/podcast). Cass it's been a lot of fun thanks for being on the show.

**Cass Sunstein [27:27]:** Thank you. I really enjoyed it.

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