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Preference formation and distortion of beliefs in contemporary mass society

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“The best argument against democracy is a five-minute conversation with the average voter” (Winston Churchill)

“...democracy is the worst form of government except all the others that have been tried” (Winston Churchill)

OUTLINE

- Antecedents
- Studies on public opinion & citizens' political competence
- Some contemporary trends
- Main findings
- A puzzle emerging from the evidence
- Possible explanations of the puzzle
- Some trade-offs
- Some normative implications
- Some implications for economic policy and democracy

ANTECEDENTS

- Plato: epistème (well-founded knowledge) vs doxa (opinion). Democracy is the form of government in which opinions rule human institutions. Hence, its foundations are shaky: it is the reign of relativism and sophism
- Two utopias: at one extreme, the enlightenment-contractualist idea of a society that is bound together by a social contract based on a pure rational calculus; at the other extreme, the reactionary-organicist idea of a society that is bound together by myths, traditions and faith
- Popper: dogmatism vs fallibilism, i.e., totalitarianism vs open society (Plato is the intellectual father of totalitarianism). In open societies wrong policies can be eliminated by trial and error (social experiments)

PUBLIC OPINION & POLITICAL COMPETENCE

- A pessimistic assessment of citizens' political capabilities (voters are politically ignorant, erratic, malleable, unaware...) has prevailed in the U.S. with the advent of survey research in the 1940s (e.g., Converse, 1964).
- Beginning with the 80s, it has emerged a more positive view of citizens' political competence: it is true that people are ignorant, but 1) they use heuristics leading to reliable political choices with the use of very little information, and 2) public opinion is rational in the aggregate although individuals are prone to error (errors are i.d. across individuals).

Contemporary trends

- Recognition that the gap between the increasing complexity of the social environment (the world is increasingly interconnected and interdependent) and people's limited cognitive resources is rapidly widening
- The age of scarcity is over also with respect to information: it is abundant and available for free or at cheap price. Facing this chaotic pile of information, many people are disoriented and not willing to make efforts for understanding complex social phenomena: they demand easy arguments and simple solutions
- Post-modernist cultural attitudes dismiss the idea that one can distinguish between honest representations of facts and arbitrary interpretations of them.
- Internet exacerbates the problem by polarizing the public in self-referential niches of people sharing the same interests and opinions

THE EVIDENCE SHOWS THAT:

- People use heuristics that are hardly rational strategies specifically tailored for each kind of political decision; rather they take their heuristics off-the-shelf, use them automatically, and rarely worry about their accuracy
- Errors in individual political judgments are not random: biases and distortions induce most people to make the same mistakes, thus generating significant collective biases
- It is often the case that people discard relevant information at odds with the beliefs supporting their political convictions (people do not act as rational Bayesian agents, but are cognitively and/or emotionally anchored to their beliefs): collective error-correction mechanisms can hardly function under these circumstances

Caveat: In principle one can ascertain whether factual beliefs intertwined with political preferences are true or false, but in general one can assess the quality of political decisions only by invoking normative criteria that are debatable.

(Theoretical) Problem: How can evolutionary theory be reconciled with the fact that collective decisions are based on systems of beliefs that are often demonstrably false?

For example:

- Willard (Van) Quine states that “creatures inveterately wrong in their inductions have a pathetic but praiseworthy tendency to die out before reproducing their kind” (1969, p. 126).
- Daniel Dennett writes that “[n]atural selection guarantees that *most* of an organism’s beliefs will be true, *most* of its strategies rational” (1987, p.75).
- Jerry Fodor claims that “Darwinian selection guarantees that organisms either know the elements of logic or become posthumous” (1981, p. 121).

Three tentative answers

1. Relics of the past: Natural selection designed mental processes that met the demands for survival and reproduction in ancestral environments; we are not well equipped to deal with contemporary mass societies
2. Relative advantage: What really matters in the competition among cultures is relative efficiency; natural selection rewards those human groups that are relatively less inefficient in collective decision making
3. Functional explanations: Cognitive processes generate systematically false beliefs to promote certain kinds of behavior that are instrumental to the evolutionary success of the group

More on functional explanations (examples)

- Stereotyped representations of outgroup members as social categorizations that favor the construction of collective identities, reinforce ingroup cohesion, and reduce free riding
- Cosmologies and myths of the origin as narratives that promote pride, brotherhood and self-esteem among group members
- Over-optimistic representations of reality as frames that boost group morale and motivate individuals to act
- Religions and ideologies as worldviews that give people a sense of meaning and protect them from the paralyzing anxiety generated by the experience of insignificance

Trade-offs

False beliefs, biased representations of reality, religious or ideological worldviews are often functional to boost group identity and motivate individuals, but may imply significant costs by:

- Creating mental habits that lock-in the group in courses of action that are clearly inefficient
- Wasting large resources in activities aimed primarily at reproducing and reinforcing group identity & worldview
- Inducing destructive behavior (in extreme cases)
- Generating over-confidence that may easily lead to “irrational exuberance” or similar kinds of conduct
- Etc.

Can evolutionary success be a normative criterion for judging preferences?

Successful groups are those adopting heuristics and worldviews with satisfactory trade-offs between advantages and costs

Hence (metapreferences):

Can the individual preferences intertwined with these heuristics and embedded in these worldviews be judged normatively superior to preferences leading to behavior which may determine significant negative externalities and even jeopardize the existence of the group?

Implications for the theory of economic policy

Neoclassical theory of economic policy is built on the following joint hypotheses that are undermined by a more realistic assessment of social behavior:

1. Individuals have a consistent and complete preference ordering that is invariant with respect to changes in the social environment and in public policies
2. Individuals form their beliefs by optimally processing the available information (most economic models, indeed, have incorporated the costliness of information and its dispersion across agents, but still maintain that all “rational” agents process their information in accordance with to the same formal construct adopted by the social scientist to represent the relevant phenomena)
3. Policy makers treat individuals’ preference ordering as exogenously given

Implications for the theory of democracy

- It must be revised the picture of democracy as a regime producing collective decisions that come out from the interaction of independent individuals well aware of their values and interests, and rationally (in the sense of rational choice theory) pursuing them.
- More pessimistic outlook with respect to the view held by the proponents of “libertarian paternalism”, i.e., those supporting the idea that benevolent public authorities should “nudge” people toward more desirable behavior (more in the self-interest of this people)
- Contemporary democracies are very vulnerable in the face of fundamentalists, i.e., those claiming that their worldviews are “not negotiable”, and populists, i.e., those trying to exploit people’s “weak” rationality (using “easy arguments”, emotions, stereotypes...)
- How to design institutions that may protect the quality of collective decision making from people’s “weak” rationality?