

## Self-Deception as the Root of Political Failure

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April 11, 2003

Keywords: Political failure, voting, self-deception

\*I am more than usually indebted to others for useful discussions. This paper sprang from numerous lunchtime arguments with Bryan Caplan and Robin Hanson. Many others have given useful comments or insights, including Donald Boudreaux, Geoff Brennan, Charles Rowley, Peter Boettke, Roger Congleton, Lloyd Cohen, Bruce Johnsen, Jon Klick, Bruce Kobayoshi, Charles Rowley, Alex Tabarrok, Richard Wagner, Tony Woodlief, an anonymous referee, participants at a Columbia University Legal Theory seminar, and various other participants at GMU Public Choice and Law seminars.

## Abstract

I consider models of political failure based on self-deception. Individuals discard free information when that information damages their self-image and thus lowers their utility. More specifically, individuals prefer to feel good about their previously chosen affiliations and shape their worldviews accordingly. This model helps explain the relative robustness of political failure in light of extensive free information, and it helps to explain the rarity of truth-seeking behavior in political debate. The comparative statics predictions differ from models of either Downsian or expressive voting. For instance, an increased probability of voter decisiveness does not necessarily yield a better result. I also consider political parties as institutions and whether political errors cancel in the aggregate. I find that political failure based on self-deception is very difficult to eliminate.

## I. Introduction: What is Self-Deception?

Just about everyone thinks that their political views are better than the views of smarter or better trained others. On economic issues, few voters defer to the opinions of economists. Nor does this appear to be a well-grounded suspicion of experts. Many citizens are deliberately dismissive, stubborn and irrational. At the same time these individuals maintain a passionate self-righteousness. They are keener to talk than to listen, the opposite of what an information-gathering model would suggest. Individuals tend to believe that their private self-interest coincides with the national self-interest. Debates and exchange of information tend to polarize opinion rather than producing convergence.<sup>1</sup>

Individuals often continue to hold their political views even when a contrary reality stares them in the face. Numerous twentieth-century intellectuals supported Stalin and the Communists. They refused to abandon the Communist Party even when information about massacres and purges became well-known, instead rationalizing their commitments by reinterpreting the evidence. Many Muslims, when confronted with decisive evidence of the role of Osama bin Laden in the events of 9/11, including a taped confession, have responded by claiming that the evidence is faked and that Osama is innocent. Some charged that the bombing was a “Zionist conspiracy,” masterminded by Israel. A Gallup poll showed that 61 percent of the respondents, from nine Muslim countries, think Arabs had nothing to do with the attacks.<sup>2</sup>

These examples show the significance of self-deception in human behavior and in politics. By self-deception I mean individual behavior that disregards, throws out, or reinterprets freely available information. Individuals frequently treat their personal values as a kind of ideal point, and assume that the pursuit of those values also yield the best practical outcome. For instance, religious groups who reject parts of modern medicine (e.g., blood transfusions) might also believe that those treatments are not very

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<sup>1</sup> Cowen and Hanson (2002) consider these features of discourse, and why they are evidence for self-deception, in more detail.

<sup>2</sup> On the poll, see Goode (2002).

effective in medical terms. Similarly, people often interpret "information issues" as "value issues," or underweight the relevance of information for the issue at hand. To use the terminology of Feigenbaum and Levy (1996), individuals have preferences over beliefs rather than being pure truth-seekers. If we put the argument in Bayesian terms we can think of each individual as having a prior. Individuals welcome confirming evidence for the prior but they throw out disconfirming evidence.

The concept of self-deception, in various forms, has held a prominent role in the history of ideas. It is central to Greek thought, starting with Homer and Plato. It is a common motif in the plays of Shakespeare and the seventeenth century French moralists, most notably La Rochefoucauld. Numerous eighteenth century writers, including Adam Smith, David Hume, and Lord Shaftesbury, made it a central observation about human behavior, as did Pareto much later, in his four-volume sociological study The Mind and Society. Freud stressed how the subconscious restructures an individual's portrait of reality to fit our neuroses and biases. Sartre placed the notion at the core of his theory of the emotions. Self-deception remains an active topic in empirical psychology (see Kruger and Dunning 1999), and Akerlof (1989) and Rabin and Schrag (1999) develop the idea in the context of behavioral economics.<sup>3</sup>

Public choice analyses of politics have not assigned an explicit role to self-deception. Not surprisingly, self-deception has proven a problematic concept to model. Economists, for reasons of tractability, typically prefer models with "common knowledge" across all individuals; everyone need not know everything, but everyone knows what kinds of things they do not know (and what other people might know). In other words, everyone is aware of his or her cognitive limits. Self-deception, in contrast, means that people think they know something when they do not. I will not solve these modeling problems at a foundational level, but I will outline a more specific operational meaning to the self-deception idea in the context of politics.

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<sup>3</sup> Taylor (1989), Alloy and Abramson (1979), and Taylor and Brown (1988) offer additional psychological perspectives. Trivers (2000) analyzes self-deception within the context of evolutionary biology. On the importance of the self-deception idea to non-Western cultures, see some of the essays in Ames and Dissanayake (1996).

I focus on a single aspect of self-deception, namely the tendency of individuals to discard, discount, or reinterpret information to suit their own ends. Philosopher Alfred Mele (2001) sees self-deception as occurring through the systematic reinterpretation of evidence. People seek out evidence that is favorable to their original point of view and neglect evidence that is unfavorable to their point of view. This phenomenon is sometimes known as “confirmation bias.”<sup>4</sup>

Mele (2001, p.120) offers the following "jointly sufficient" conditions for self-deception:

1. The belief that p which S acquires is false
2. S treats data relevant, or at least seemingly relevant, to the truth value of p in a motivationally biased way.
3. This biased treatment is a nondeviant cause of S's acquiring the belief that p.
4. The body of data possessed by S at the time provides greater warrant for  $\sim p$  than for p."

To make such a self-deception mechanism clearer, think of individuals as starting with some values and affiliations. These initial values are partly “inherited” or predetermined, rather than chosen. Individuals are born into particular races, religions, and regional and family attachments. These "endowments" help determine what makes a person feel good about himself, and thus where a person falls on the political spectrum. It is well known that background and family history influence an individual's ideology.<sup>5</sup>

Individuals then wish to feel good about these values and affiliations. That is, they want to think that their worldview implies a world that is good for just about everybody. This way people can feel better about their values, their affiliations, their histories, and about themselves. Note that since people start with different values and affiliations, they will

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<sup>4</sup> On confirmation bias, see Goleman (1985), Gilovich (1991), and Rabin and Schrag (1999). Scott-Kakures (1996) argues that the idea of confirmatory bias captures only one aspect of true self-deception. For other philosophic perspectives on self-deception, see Pears (1984), McLaughlin and Rorty (1988) and Martin (1986).

<sup>5</sup> Note that only partial heritability is needed to generate difference of opinion, complete heritability is not required.

end up with different positive views of the world. Diversity of opinion is thus built into the basic setting.

Given these assumptions, we can see how the basic mechanism of self-deception operates. The quest for pride causes individuals to throw away information that reflects badly on their values and their affiliations. Individuals are stuck in their basic worldview and they wish to feel good about themselves. So people respond by elevating some sources of information and dismissing others. They keep, absorb, and magnify the information that puts their values and affiliations in a favorable light.

Examples of this phenomenon are numerous. The objective data do not always warrant rosy feelings, so we fool ourselves, in search of pride. Individuals think they are more talented and honest than the evidence indicates, they think their alma mater is better than it is, and they think that their charities are especially meritorious, and they think their political party or country usually stands in the right. People see other clans, parties, or networks as being more corrupt or stupid than their own. They actively seek out information that confirms these optimistic perceptions and ignore or undervalue disconfirming information (Goleman 1985, Gilovich 1991, Kruger and Dunning 1999). In each of these cases, self-deception leads to greater pride and also to higher utility.<sup>6</sup>

Self-deception, as treated in this paper, may be psychologically or biologically programmed. The psychological evidence indicates that self-deceived individuals are happier than individuals who are not self-deceived (Taylor 1989, Alloy and Abramson 1979, Taylor and Brown 1988). Lack of self-deception, in fact, is a strong sign of depression. (The depressed are typically not self-deceived, except about their likelihood of escaping depression, which they underestimate.) Individuals who feel good about themselves, whether or not the facts merit this feeling, also tend to achieve more. They have more self-confidence, are more willing to take risks, and have an easier time

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<sup>6</sup> Klein (1994) argues that people working in government come around to viewing their self-interested causes as just ones. Note also that some people may underestimate some of their abilities, rather than displaying overconfidence in their judgment. In the context of politics these people will tend to participate less, making overconfidence the dominant tendency.

commanding the loyalty of others. Self-deception also may protect against a tendency towards distraction. If individuals are geared towards a few major goals (such as food, status, and sex), self-deception may be an evolved defense mechanism against worries and distractions that might cause a loss of focus (Trivers 2000).

The emphasis on utility maximization differentiates this account from the more general approach of "behavioral economics." Like behavioral economics, I consider some individual motivations that fall outside the simple neoclassical model. Behavioral economics, however, often claims that individuals fail to maximize utility, due to some underlying imperfection in how they make decisions. In this account, the underlying imperfection comes about precisely because individuals maximize utility. So we have an imperfection along the truth metric, but not along the utility metric. When pride is at stake, the truth and utility metrics do not move together. The utility value of information is often negative: individuals wish to hear good news, and they prefer not to hear bad news.<sup>7</sup>

## II. Voting behavior

In this account individuals vote to feel better about themselves. They vote to feel good about their role in the community, to feel they are civic-minded, to feel they are good altruistic people, to feel they are taking the right side in politics, and to feel they are making a difference. The total benefits of democracy are high, and we identify with these benefits when we vote, even when our marginal contribution to democracy is low. Similarly, each voter views his favored party as bringing high benefits to the country, and wishes to be identified with those benefits.<sup>8</sup>

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<sup>7</sup> In contrast, for most economic goods, in most economic models, information typically has positive value for utility, whether the news is good or bad. Note that "regret theory" is another framework where the value of information may be negative. I may be worse off if I know "what I could have had." See Loomes and Sugden (1982).

<sup>8</sup> Akerlof (1989) and Sowell (1995) argue that people hold political views to feel good about themselves. Also see Klein (1994), who stresses self-deception amongst government officials and lobbyists. In Klein's account these individuals talk themselves into believing that their private self-interest coincides with the public interest.

That so many people vote is itself a sign of self-deception. The voters for one candidate all know that many other people are voting for the other candidate. In the framework of a rational Bayesian, an individual should infer that perhaps the others know something that she does not. In reality, most people think their view remains correct, even when they encounter others that disagree (Cowen and Hanson 2002). Why, then, should a voter think that her choice for a candidate is wiser or better informed than the aggregated choices of other people? Clearly some people can rationally believe that they are smarter or better qualified to vote than the aggregated others, but not all voters can rationally hold this same belief. Out of any pool of voters, a large number of people should have no rational reason for believing that their input will improve the outcome. The very act of voting therefore implies considerable self-deception on their part.<sup>9</sup>

The account of voting comes closest to the papers of Caplan (2001a, 2001b), who emphasizes the “rationally irrational” component of the voting decision, and also some models of expressive voting (Glazer 1987, Schuessler 2000, Brennan and Lomasky 1993). These theories all note that the public welfare effects of a single vote are essentially zero, and that individuals thus are likely to vote with other considerations in mind. I think my argument as taking these general categories of irrational or expressive voting, and filling in some specific psychological mechanisms involving self-deception.

Individual talk about the voting decision is consistent with pride and self-deception motivations. Many individuals will offer a confused perspective on whether their vote is likely to make a difference or not. They will claim that their vote might matter, yet without going to great lengths to vote in each and every election, or without putting great time into making the right decision. This kind of confusion about a simple matter is a classic signal of self-deception and unwillingness to think rigorously about the underlying issues. Or, when asked why they vote, many voters respond with the query “What if everyone didn’t vote?” Yet this reasoning is rarely applied consistently. If a person suddenly breaks his leg and cannot easily vote, he does not fear that democracy suddenly will vanish. Furthermore the query sounds civil-minded but in fact can be read

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<sup>9</sup> This proposition follows to the extent that voting is about information – guessing which policies will bring a better outcome – rather than simple preferences.



as a conceit as well. The individual is trying to take credit, with a single vote, for the entire institution of voting.

Many voting individuals respond with hostility when public choice economists try to debunk the rationality of voting. The debunkers, in essence, are attacking a source of self-pride. The debunkers are claiming that a previous source of pride is in fact a sign of stupidity and poor calculation. Rather than debating this view, voters often respond by dismissing it, or by attacking the civic-mindedness of its presenters, as the view endangers the source of their utility. Again, this unwillingness to listen is a classic sign of self-deception as identified in the psychological literature.

Note that this account uses self-deception to explain both why people vote and how people vote. This has always been a problem for self-interest theories of voting, since they cannot easily explain why people vote, given the very low chance that any single individual will be decisive in deciding an election.

Voters may decide not to vote for (at least) two reasons. First, their cost of voting may be too high, relative to the value of the pride they receive. Second, they may not be able to find any party they are proud of or can self-deceive about. Extremists, in particular, sometimes are ashamed of supporting mainstream parties. Even the minor parties may not satisfy their stringent requirements. These individuals may produce more pride by boycotting all the parties than by participating in the election, even if they think that some of the parties are worse than the others. To receive pride from voting, an individual therefore must identify with a favored party to some minimum extent.

### III. Self-deception as a source of political failure

The last decade has reopened the debate on whether democracies produce wealth-maximizing or "efficient" economic policies, and whether democracies give voters "what they want," typically defined in terms of the wishes of the median voter. I consider three views on these questions.

The well-known theory of Anthony Downs (1957) suggests that democracies satisfy the preferences of the median voter. At the same time Downsian voters are sloppy and poorly informed. Each voter knows that he or she has only a miniscule chance of influencing the election. Those voters take very little care to make the correct decision, and the result is political failure based on poor information.

Many economists contrast Downsian voting with the behavior of private consumers. Individuals, in their roles as consumers, are decisive in a way that they are not as voters. So if I buy a grapefruit, the grapefruit I choose is the grapefruit I end up with. My choice is fully decisive and I will put in the proper care. Under the standard account of political failure, private marketplace choices have a higher quality than do public political choices.

Donald Wittman (1995) argues strongly that Downsian political failure is unlikely to prove a serious problem. Since voters receive enormous amounts of free information, it does not matter if some information is costly. Voters also can look to third-party certifiers to judge the soundness of political claims, just as they do in markets to evaluate complex goods and services. Wittman concludes that voting is not generally less efficient than markets, and that voters receive policies that are good for them.

Theories of expressive voting (Brennan and Lomasky 1993, Caplan 2001b) agree with Downs in seeing political failure as likely, though through a slightly different mechanism. They focus on the collective action problem behind voting. To give a simple example, individuals will vote for extensive welfare payments to feel good about themselves, even when the policy is ill-advised. Like Downs, expressive voting theorists view the lack of voter decisiveness as the fundamental problem. If a voter knew the election would depend on his choice, he would take the proper care and do the right thing.

Note that the expressive theories do not clearly explain the role of imperfect information in the political failure argument. The specified problem is one of collective choice, more

specifically excess investment in showing sympathy, rather than lack of information.

Caplan (2001a) explicitly denies that the problem is one of information. Yet the problem with expressive voting nonetheless may boil down to Downsian ignorance. It is unlikely that many people would vote expressively for bad policies, if they knew those policies to be bad. Who could feel good about himself by voting for something bad?

Given this three-way debate, let us see what conclusions a self-deception theory will suggest, and how it will adjudicate these disagreements.

a. Does the median voter rule?

The median voter theorem does not generally hold in the presence of self-deception and pride-based voting, even assuming first-past-the post elections and free entry into politics. The two major parties have some incentive to move towards the median but we should not expect full convergence in the center of the political spectrum.<sup>10</sup>

The endogeneity of voter participation holds back convergence at the median. If a party moves too close to the middle, voters at the extremes will feel less good about voting for that party. They will not consider the affiliation to be a desirable one. Party success will therefore depend on how well it can keep the loyalties of voters at the extremes. Each party must try to balance its centrist and extremist voters. We therefore should not expect the median voter to be fully happy with politics, though he or she will exercise considerable influence over outcomes.<sup>11</sup>

b. The role of parties and symbols

Parties will attempt to exploit voter self-deception and indeed we can think of parties as organized vehicles for this purpose (among other purposes). In particular, parties will try

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<sup>10</sup> Brennan and Hamlin (1998) derive a similar result for theories of expressive voting more generally.

<sup>11</sup> In the simplest Downsian model, in contrast, voters vote their self-interest, more narrowly conceived, and face no cost of voting. They will vote no matter what, and they will vote for the party closer to their interests, no matter how distasteful they find that party in terms of self-image.

to buy off extremists by making it easier for them to self-deceive. The easier the extremists can self-deceive about being happy with a party, the more easily that same party can move to the center and capture enough votes to win the election. Towards this end parties will look for symbols that have meaning to extremist groups but do not offend moderates.<sup>12</sup>

The nature of self-deception helps account for why the use of symbols and cheap talk is not simply a zero-sum game, winning one set of voters but losing another. A party can, through clever use of symbols, gain votes from extremists without losing the same number of votes from moderates, or vice versa. We assumed above that people interpret the world to feel better about themselves. Moderates and extremists, in search of pride, will interpret the same symbols in differing ways. Assume the Republican Party puts strong anti-abortion language in its Party platform. The moderates can say: "My party is offering some symbols to keep the loyalties of the extremists and win the election, but we really are not extremists." The extremists can say: "My party shows some chance of coming around on the abortion issue, it is OK for me to support it." The symbol therefore can bring in more votes than it loses. To borrow a phrase from Marx, politics becomes "the opiate of the voters."

c. What about free information?

Wittman and Downs, despite their differences, would agree that free information would solve the basic problems of politics. Expressive voting theories, while they eschew a focus on information, cannot explain why people would enjoy voting expressively for something that everyone knows is bad. Free information therefore would solve the political problem there as well. Only in the self-deception theory does free information fail to solve the problems of politics. Individuals may receive free information, but they will discard or reinterpret it to suit their own purposes.

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<sup>12</sup> On symbolic theories of politics, see Edelman (1967) and Sears, Lau, Tyler, and Allen (1980).

Self-deception and pride also help explain some features of political debate. When pride is involved, as is often the case in politics, individuals shy away from strict truth-seeking behavior. "Feeling good about oneself" is not something that is produced very well by putting it up for regular debate, even if the person feels that he is the eventual winner of the debate. Instead most people prefer to go through life believing in their innate goodness, and discarding or reinterpreting conflicting information. People wish to think that their goodness is not really up for question. They do not want to hear fair and open discussion about the quality of their affiliations and character. For instance, how many individuals would wish to know every time that someone else had a negative thought or feeling about them?

We frequently discard free information when we disagree with others, as analyzed in the "rational Bayesian" literature on "agreeing to disagree." If two individuals have common knowledge and exchange opinions and common priors, they should not remain in disagreement (Aumann 1976, Cowen and Hanson 2002). The reality is that we observe many areas, notably religion and politics, where exchanging opinions produces very little agreement. In other areas, such as common sense information about everyday life, the exchange of opinion often brings a good deal of agreement. If I think a restaurant is located on one street corner, and someone tells me he is sure I am wrong, I am inclined to listen and agree. People do not respond the same way in political discussions. The sources of persistent disagreement may be numerous, but I hypothesize that agreement is much easier to produce when pride is not at stake, and when we do not already identify with a given point of view. We are then more likely to accept free information, when it runs contrary to our original view, than to discard it.

d. Do voter errors cancel out?

Errors based on self-deception do not in general cancel out in the aggregate (contra the claims of Wittman 1995 for imperfectly informed voters).

First, all voters will be excessively attracted to policies that make citizens “feel good about themselves.” Individuals on all sides of the political spectrum will be unwilling to confront difficult trade-offs. Each side will self-deceive into believing that it can make everybody happy, if only the opposition would listen and implement the appropriate policies. As a result, difficult issues will remain unaddressed. At one level the American public wants politicians to address the tough issues, such as cutting spending, confronting the full ramifications of the terrorist danger, or reforming social security. At another level, those same people, when they vote, choose candidates that will make them feel good about their ideologies. This will mean deferring many tough decisions or ignoring forthcoming costs, while pretending to address them at the symbolic level. People will be reluctant to recognize that their favored programs will impose large burdens on many other individuals.

Second, political views are partly determined by inherited affiliations. Even if these views and affiliations were efficient at one point in time, individuals will not rationally revise their opinions to reflect changing circumstances. Political battles will often consist of each side “fighting the last war.” This will distort policy in a way that does not cancel out in the aggregate.

Third, policy will still be inefficient even if errors do cancel on both sides of the political spectrum. If both left-wing and right-wing voters self-deceive, the observed outcome may well wind up roughly in the political middle (though see the above remarks on the median voter). But without self-deception, voters on both sides of the spectrum would have a better idea of what they really want and how to get it (although of course they would be less happy individually on a daily basis). The outcome would remain centrist, but the center would be redefined in a generally advantageous fashion, due to superior use of information.

Finally, self-deception may create unhealthy path dependencies in politics. For instance, once farm programs are in place, people may start to identify with them, making those programs very hard to change or abolish. The common citizen will come to believe that

farm programs help small farmers and procure a stable food supply for the United States. This kind of self-deception may help explain Tullock's (1989) result that transfers seem relatively stable over time and can be purchased at low cost. Note also that self-deception may interact with Kuran's (1995) preference falsification. If everyone is forced to say they like Stalin, over time they may talk themselves into thinking he is not so bad after all, again leading to an unhealthy form of path dependence

The self-deception theory thus suggests that Wittman is wrong about the efficiency of democracy, or at least that Wittman has not yet made his case. Most of Wittman's arguments suggest that the Downsian problem of imperfect information can be overcome. Many of these arguments succeed on their own terms in rebutting Downs. But if the basic problem is one of self-deception, rather than imperfect information, Wittman has not shown that politics works as well as markets. The easy availability of information will not induce voters to select good candidates or good policies.

e. Is lack of voter decisiveness a significant problem?

Once we jettison the view that free information is a cure-all, we must revise the standard account of voter decisiveness. Decisiveness may activate the information-gathering apparatus, as Downs suggests, but simply gathering more information need not improve the basic outcome much. Self-deception means that a voter will gather biased information, rather than objectively useful information.

Theories of expressive voting seek to have it both ways. They wish to blame political failure on lack of decisiveness, without pinpointing lack of information as the basic culprit (blaming imperfect information would move their claims closer to a special case of the Downsian model). But if lack of information is not the culprit, decisiveness will not necessarily improve matters.

Compared to either the Downsian or expressive voting models, the self-deception model yields different predictions about a change in voter decisiveness. Under the standard

story, a voter would respond to greater decisiveness by collecting more information, honestly studying all the candidates in great depth, and discarding previous ideological blinders. That is, the voter would do his very best to make the right decision.

Economists sometimes treat this prediction as a simple substitution effect, following from basic microeconomic reasoning, but this perspective is misleading. We can think of a vote as having an instrumental component (what does the voter want to happen in the world of policy) and an expressive component (what kind of statement does the voter want to make?). When an individual has a low chance of being decisive in a vote, she supposedly will substitute into consuming more of the "expressive" component of the vote (Brennan and Lomasky 1993). Low probabilities of decisiveness thus imply, in this account, that individual votes are not geared towards producing instrumentally effective outcomes. The substitution effect, however, does not suggest this outcome in any unambiguous fashion. As a voter stands a lower chance of being decisive, both expressive and instrumental values are likely to fall. For Brennan and Lomasky, only the instrumental value of voting falls. But many people take special expressive pride when they are decisive. So if we think of both instrumental and expressive values as falling, as the probability of decisiveness falls, the substitution effect yields no simple prediction. We have no a priori reason to think that the expressive component falls more rapidly than does the instrumental component, as decisiveness declines.<sup>13</sup>

Self-deception indicates that another outcome, contrary to standard expressive theories, may occur. As a voter faces a greater chance of being decisive in an election, he or she will find that more pride is at stake. Rather than becoming an "honest man" overnight, the voter under pressure will rely more heavily on previous views and ideology. The voter might subconsciously "process" something like the following: "Thinking harder about this political decision just makes the whole question more confusing and makes me more uncertain. Trying to make the right decision, instrumentally, leads into a philosophic morass. If I really understood both sides of the story, could I truly weigh the competing values in the proper manner? I don't think I can ever get it right. To make

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<sup>13</sup> I am indebted to Robin Hanson for a formulation of this point.



sure I feel good about myself, I'm going to skew my vision of the world, and my interpretation of the facts, so that what I do is always right."<sup>14</sup>

In other words, decisiveness may augment bias rather than correcting it. We are all familiar with Lord Acton's quotation "Power tends to corrupt, and absolute power corrupts absolutely." That maxim reflects, among other things, how self-deception may increase as the probability of decisiveness goes up.

We see a variety of contexts where political agents do have a relatively high chance of decisiveness and still act ideologically or appear to self-deceive. If we look at the 2000 Presidential election in Florida, a variety of political participants had a reasonable chance of influencing the final result. We observed that people, including political and judicial officials, acted in a highly partisan and poorly reasoned fashion. Dictators are decisive, but they rarely gather information in an unbiased fashion. Similarly, few Presidents (typically decisive agents) admit just how much they are to blame for the shortcomings of their terms. Non-decisive agents, especially voters, may be more likely to admit they voted for the wrong candidate. The reader can fill in his or her own examples, but the general point is that meta-rationality may worsen with decisiveness.

The self-deception theory thus offers a unique prediction. Take a typical voter and put him in a decisive role. The prediction is that the voter does not choose a candidate any better than what we currently receive, and might even choose something worse.

The self-deception theory therefore offers a new way of thinking about the virtues of democracy. Democracy is highly imperfect, but democratic institutions usually mean that no one's voice matters very much. This makes people more reasonable than would otherwise be the case, given that pride goods are at stake. The fact that people do not care so much is precisely what makes rational political discourse possible at all. Lack of

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<sup>14</sup> Along related lines, see also Friedman (1987) on warm houses in cold climates, and vice versa. The colder the climate, the warmer the house tends to be, because the owners then invest in insulation, which lowers the marginal cost of raising the thermostat. In both cases the basic mechanism involves a shift in a somewhat fixed "technology" in response to marginal costs.

decisiveness defuses the tensions and imperfections in human behavior that otherwise make civil society problematic.<sup>15</sup>

The coexistence of self-deception and decisiveness means that we will find self-deception in private markets as well as in politics. Nonetheless if we are looking at a truly private good, market failure will not in general result in the model (of course market failure is already present with public goods, with or without self-deception). We have already assumed that individuals self-deceive to the point of a utility maximum and if the good is private we have no externalities. For instance, I may self-deceive into believing that my basketball sneakers are the best in the world. They are in reality not so good, but if this is a private good I feel better about myself and no one else is injured.

#### IV. Policy improvements

The above analysis of pride goods indicates that it is very difficult to improve the workings of politics. This may militate in favor of a weaker vision of the efficiency of politics. Democracy does not give us wealth-maximizing outcomes, as Wittman suggests, but perhaps it does the best job possible, relative to alternative institutions.

It is difficult, for instance, to imagine good reforms that stop politicians from offering phony symbols to voters. Whether a symbol is illusory is neither easily verified nor enforced (if it were, the problem would not arise in the first place). More generally, most means of raising the costs of political symbol production (banning television?) also would damage the economy and restrict rights of free speech.

Ideally we would like to make it easier for politicians to tackle the tough issues. But this is easier said than done. Politicians self-deceive just as voters do, and absolute dictators appear to self-deceive to an especially high degree. Simply weakening voter control of politicians does not eliminate the basic problem.

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<sup>15</sup> See the suggestive passage from Aristotle (1996, p.86, Book 3, section 15, 30-35): "Again, the many are more incorruptible than the few; they are like the greater quantity of water which is less easily corrupted than a little. The individual is liable to be overcome by anger or by some other passion, and then his judgement is necessarily perverted; but it is hardly to be supposed that a great number of persons would all get into a passion and go wrong at the same moment."

If self-deception is not complete, we might invest in technologies (media watchdogs?) for detecting and publicizing illusory symbols. Politicians who try to market illusory symbols then would meet resistance from voters. The problem, of course, is that we already have these many of these technologies in place, but apparently to little avail. Each partisan side feels that the other invokes phony symbols, and becomes more confirmed in its view. Both the right-wing and the left-wing have been known to charge that the media are part of the problem, not the solution.

We might try to make the population less likely to self-deceive. Again, it is not clear how such an outcome could be brought about. Awareness of the self-deception concept does not necessarily protect an individual from errors of self-deception. The truly self-deceived may use "awareness of their limitations" as a bogus factor to elevate their judgment above that of others, even when the objective facts warrant otherwise. Jean-Paul Sartre (1972, 86-118) made self-deception a critical component of his philosophy, yet of all Western intellectuals he was one of the most self-deceived about Stalin and the Communists.

Finally, and perhaps most importantly, we should be wary of what our intuitions tell us about political proposals. The self-deception hypothesis implies that when an institutional failure is present, we also tend to feel good about the status quo. It is therefore difficult to spot and market potential policy improvements. So if we are looking to improve the world, through better policy, we should look closely where we might otherwise would look last. We should look precisely at those policies we feel best about.

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