

# THE DEMOCRATIC DILEMMA

CAN CITIZENS LEARN WHAT  
THEY NEED TO KNOW?

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# Contents

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<i>List of Tables and Figures</i>	page ix
<i>Series Editors' Preface</i>	xi
<i>Acknowledgments</i>	xiii
<b>1 Knowledge and the Foundation of Democracy</b>	<b>1</b>
Democracy, Delegation, and Reasoned Choice	3
A Preview of Our Theory	4
Plan of the Book	13
<b>PART I: THEORY</b>	
<b>2 How People Learn</b>	<b>17</b>
Attention! This Is How We Learn	21
The Cognitive Stock Market	30
Attention and Connections	35
Conclusion	36
<b>3 How People Learn from Others</b>	<b>39</b>
The Aristotelian Theories of Persuasion	40
Our Theory of Persuasion	43
Dynamic Implications	59
Persuasive Implications	62
Conclusion	64
<b>4 What People Learn from Others</b>	<b>68</b>
The Conditions for Enlightenment	69
The Conditions for Deception	70
Discussion: How We Choose Whom to Believe	74
Conclusion	76
<b>5 Delegation and Democracy</b>	<b>79</b>
The Dilemma of Delegation	80
A Theory of Delegation with Communication	82
What It All Means	89
Conclusion	92

## Contents

### PART II: EXPERIMENTS

6	Theory, Predictions, and the Scientific Method	97
7	Laboratory Experiments on Information, Persuasion, and Choice	101
	Experimental Design	104
	Experiments on Persuasion and Reasoned Choice	112
	Conclusion	147
8	Laboratory Experiments on Delegation	149
	Experimental Design	150
	Experiments on Delegation	158
	Conclusion	182
9	A Survey Experiment on the Conditions for Persuasion	184
	Description of the Experiment	186
	Analysis	191
	Conclusion	201

### PART III: IMPLICATIONS FOR INSTITUTIONAL DESIGN

10	The Institutions of Knowledge	205
	Electoral Institutions	206
	Legislative Institutions	210
	Bureaucratic Institutions	215
	Legal Institutions	223
	Unenlightening Democratic Institutions	225
	Conclusion	227
	Afterword	229

### APPENDICES

	Appendix to Chapter 2	233
	Appendix to Chapter 3	240
	Appendix to Chapter 5	257
	<i>References</i>	261
	<i>Author Index</i>	277
	<i>Subject Index</i>	281

## *Tables and Figures*

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### TABLES

3.1	Numerical examples	<i>page 52</i>
6.1	Predictions	98
7.1	Summary of results	103
7.2	Theoretical premises and experimental analogies	106
7.3	Speaker behavior in the benchmark trials	142
7.4	Speaker behavior in the control condition	143
7.5	Speaker behavior in the treatment conditions	143
7.6	A summary of speaker and principal behavior	144
8.1	Theoretical premises and experimental analogies	151
8.2	Expectations about agent behavior in the knowledge experiment	160
8.3	Agent behavior in the speaker knowledge experiment	167
8.4	Expectations about agent behavior in the speaker interest, penalty-for-lying, and verification experiments	168
8.5	Agent behavior in the speaker interest experiment	174
8.6	Agent behavior in the penalty-for-lying experiment	178
8.7	Agent behavior in the verification experiment	182
8.8	Persuasion and reasoned choice in the delegation experiments	183
9.1	Percent reporting that spending money to build more prisons is a good idea	191
9.2	Percent who report that spending money to build more prisons is a “good” idea, separated by perceived speaker knowledge or trust	193
9.3	Percent who report that spending money to build more prisons is a “good” idea, separated by perceived speaker knowledge and trust	195
9.4	Respondents who heard either “Rush Limbaugh supports” or “Phil Donahue supports.” Percent who reported that stated issue is a good idea,	

## *Tables and Figures*

separated by knows, agrees, and feeling thermometer score	197
9.5 Respondents who heard either “Rush Limbaugh opposes” or “Phil Donahue opposes.” Percent who reported that stated issue is a good idea, separated by knows, agrees, and feeling thermometer score	198
9.6 Percent reporting that stated issue is a good idea, separated by knows, agrees, and speaker ideology	200

## FIGURES

3.1 Our basic model of persuasion	47
3.2 The effect of costly action	59
4.1 The conditions for persuasion and enlightenment	71
4.2 The conditions for deception	73
5.1 The basic model of delegation	81
5.2 Delegation with communication	84
5.3 The incentive condition with the persuasive speaker as a verifier	87
5.4a Steps to the satisfaction of knowledge condition	90
5.4b Conditions for successful delegation	91
7.1 Knowledge experiment: control condition	116
7.2 Knowledge experiment: treatment condition	120
7.3 Knowledge experiment: treatment condition with 70 percent knowledge	123
7.4 Knowledge experiment: conflicting interests and no knowledge	125
7.5 Interest experiment: control condition	126
7.6 Interest experiment: treatment condition	128
7.7 Interest experiment: variations on the treatment condition	131
7.8 Penalty-for-lying experiment: treatment condition	134
7.9 Verification experiment: treatment condition	138
8.1 Knowledge experiment	162
8.2 Interest experiment	170
8.3 Penalty-for-lying experiment	176
8.4 Verification experiment	180
10.1 How a proposal becomes a policy in the House of Representatives, highlighting aspects of party control	213

# 1

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## *Knowledge and the Foundation of Democracy*

Knowledge will forever govern ignorance: And a people who mean to be their own Governors, must arm themselves with the power which knowledge gives. A popular Government, without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy; or, perhaps both.

– James Madison<sup>1</sup>

The founders of the American republic, and many of their contemporaries around the world, believed that democracy requires citizens to make reasoned choices. Reasoned choice, in turn, requires that people know the consequences of their actions.

Can voters, legislators, and jurors make reasoned choices? Many observers conclude that they cannot. The evidence for this conclusion is substantial – study after study documents the breadth and depth of citizen ignorance. Making matters worse is the fact that many people acquire what little information they have from thirty-minute news summaries, thirty-second political advertisements, or eight-second sound bites. From this evidence, it seems very likely that “Men of factious tempers, of local prejudices, or of sinister designs, may, by intrigue, by corruption, or by any other means, first obtain the suffrages, and then betray the interests, of the people” (Madison, *Federalist* 10).

It is widely believed that there is a mismatch between the requirements of democracy and most people’s ability to meet these requirements. If this mismatch is too prevalent, then effective self-governance is impossible. The *democratic dilemma* is that the people who are called upon to make reasoned choices may not be capable of doing so.

In this book, we concede that people lack political information. We also concede that this ignorance can allow people “of sinister designs”

<sup>1</sup>From Hunt (1910: 103). Madison expressed similar beliefs in *Federalist* 57 and in a speech before the Virginia Ratifying Convention, where he argued that it is necessary that the people possess the “virtue and intelligence to select men of virtue and wisdom” (Riemer 1986: 40).

## *Knowledge and Democracy*

to deceive and betray the underinformed. We do not concede, however, that democracy *must* succumb to these threats. Rather, we conclude that:

- Reasoned choice does not require full information; rather, it requires the ability to predict the consequences of actions. We define this ability as knowledge.<sup>2</sup>
- People *choose* to disregard most of the information they could acquire and base virtually all of their decisions on remarkably little information.
- People often *substitute* the advice of others for the information they lack. This substitution can give people the capacity for reasoned choice.
- Relying on the advice of others involves tradeoffs. Although it decreases the costs of acquiring knowledge, it also introduces the possibility of deception.
- A person who wants to gain knowledge from the advice of others must choose to follow some advice while ignoring other advice. People make these choices in systematic and predictable ways.
- Political institutions can help people choose which advice to follow and which advice to ignore. Institutions do this when they *clarify* the incentives of advice givers.
- Understanding how people learn not only helps us better identify when presumed democratic dilemmas are real but also shows us how we might begin to resolve these dilemmas.

In the remainder of this chapter we foreshadow our argument and provide a road map of the rest of the book.

<sup>2</sup>There exists a centuries-old debate about what democracy *should* do. This debate has involved many great minds, is wide ranging, and is totally unresolved. We do not believe ourselves capable of resolving this debate. However, we strongly believe that we can make the debate more constructive. We can do so by clarifying the relationship between what information people have and what types of decisions they can make. Our book is firmly about determining the capabilities of people who lack political information. It is designed to resolve debates about how much information voters, jurors, and legislators need in order to perform certain tasks. So, although our book may help to clarify debates about what democracy should do, it will not resolve these debates.

We mention this because our relationship to the debate about what democracy should do motivates our definition of reasoned choice. Our definition of reasoned choice allows the reader to define an amount of knowledge that is required for reasoned choice. Some readers may argue that a reasoned choice requires knowledge of very technical matters, whereas others may argue that a reasoned choice requires less knowledge. Note that the difference between these viewpoints reduces to different views on what democracy should do. Therefore, our definition of reasoned choice is purposefully precise with respect to the relationship between information, knowledge, and choice and is purposefully vague with respect to most normative debates about what democracies *should* do.



## *Knowledge and Democracy*

### DEMOCRACY, DELEGATION, AND REASONED CHOICE

Democracy is a method of government based upon the choices of the people. In all modern democracies, the people elect or appoint others to represent them. Legislative assemblies, executives, commissions, judges, and juries are empowered by the people to make collective decisions on their behalf. These delegations form the foundation of democracy.

But there are dangers. As Dahl (1967: 21) warns, the principal danger is that uninformed decision makers, by failing to delegate well, will transform democracy into a *tyranny of experts*: “there are decisions that require me to *delegate* authority to others . . . but if I delegate, may I not, in practice, end up with a kind of aristocracy of experts, or even false experts?”

Must democracy become a tyranny of experts? Many observers answer yes, because those who delegate seem uninformed when compared with those to whom they delegate.

The principal democratic delegation, that of the people electing their governors, seems most susceptible to tyranny. Cicero’s observation that “in the common people there is no wisdom, no penetration, no power of judgment” is an apt summary of modern voting studies (see Berelson 1952, Campbell et al. 1960, Converse 1964, Kinder and Sears 1985, Lane and Sears 1964, Luskin 1987, McClosky 1964, Neuman 1986, Schattschneider 1960, Schumpeter 1942, Zaller 1992, Zaller and Feldman 1992; for a survey, see Delli Carpini and Keeter 1996). Many scholars argue that voters, because of their obstinance or their inability to educate themselves, become the unwitting puppets of campaign and media puppet-masters (Bennett 1992, Sabato 1991). Iyengar (1987: 816) summarizes the literature on voting and elections: “the low level of political knowledge and the absence of ideological reasoning has lent credence to the charges that popular control of government is illusory.” These studies suggest that voters who lack information cannot use elections to control their governors.

Other observers make similar arguments about elected representatives. Weber, for example, argues that legislators cannot control bureaucrats:

Under normal conditions, the power position of a fully developed bureaucracy is always towering. The “political master” finds himself in the position of the “dilettante” who stands opposite the “expert,” facing the trained official who stands within the management of administration. This holds whether the “master” whom the bureaucracy serves is a “people,” equipped with the weapons of “legislative initiative,” the “referendum,” and the right to remove officials, or a parliament, elected on a more aristocratic or more “democratic” basis and equipped with the right to vote a lack of confidence, or with the actual authority to vote it. (Weber quoted in Gerth and Mills 1946: 232)

## *Knowledge and Democracy*

Niskanen (1971) continues that public officials' inability to contend with the complexities of modern legislation places them at the mercy of self-serving special interests and bureaucrats. Lowi (1979: xii) concludes, "actual policy-making will not come from voter preferences or congressional enactments but from a process of tripartite bargaining between the specialized administrators, relevant members of Congress, and the representatives of self-selected organized interests."

Jurors also seem to lack the information they need. Posner (1995: 52), for example, argues, "As American law and society become ever more complex, the jury's cognitive limitations will become ever more palpable and socially costly." Other observers characterize the legal system, not as a forum where citizens make reasoned choices, but as a stage for emotional appeals where style and deception overwhelm knowledge. As Abramson (1994: 3) laments,

The gap between the complexity of modern litigation and the qualifications of jurors has widened to frightening proportions. The average jury rarely understands the expert testimony in an anti-trust suit, a medical malpractice case, or an insanity defense. Nor do most jurors know the law or comprehend the judge's crash course of instructions on it. Trial by jury has thus become trial by ignorance.

Although the critiques of democracy's delegations are myriad and diverse, all have a common conclusion – *reasoned choice does not govern delegation*. As Schumpeter (1942: 262) argues, "the typical citizen drops down to a lower level of mental performance as soon as he enters the political field. He argues and analyzes in a way which he would readily recognize as infantile within the sphere of his real interests. He becomes a primitive again. His thinking is associative and affective. . . . [T]his may prove fatal to the nation."

If voters, legislators, and jurors lack the capability to delegate effectively, then democracy may be "but a prologue to a farce or a tragedy." Like the scholars just quoted, we find this possibility alarming. Unlike these scholars, however, we argue that the capabilities of the people and the requirements of democracy are not as mismatched as many critics would have us believe. In what follows, we will identify the conditions under which this mismatch does and does not exist.

### A PREVIEW OF OUR THEORY

We argue that *limited information need not prevent people from making reasoned choices*. Of course, we are not the first analysts to make this type of argument. In the 1950s, for example, Berelson, Lazarsfeld, and McPhee (1954) and Downs (1957) argued that voters rely on opinion leaders and political parties to overcome their information shortfalls.

## *Knowledge and Democracy*

More recently, a generation of scholars led by Fiorina (1981), Kuklinski, Metlay, and May (1982), Calvert (1985), Grofman and Norrander (1990), the contributors to Ferejohn and Kuklinski (1990), Popkin (1991), Sniderman, Brody, and Tetlock (1991), and the contributors to Lodge and McGraw (1995) has further countered the view that the “democratic citizen is expected to be well informed about political affairs” (Berelson, Lazarsfeld, and McPhee 1954: 308). Collectively, these scholars have demonstrated that voters can use a wide range of simple cues as substitutes for complex information. We concur with the basic insight of each of these studies – people can use substitutes for encyclopedic information.

However, we want to do more than argue that limited information need not prevent people from making reasoned choices. We want to argue that *there are specific conditions under which people who have limited information can make reasoned choices*. Therefore, in addition to showing that people *can* use cues, we want to answer questions about *when and how* people use cues, *when* cues are effective substitutes for detailed information, and *when* cues are detrimental. To understand who is (and who is not) capable of reasoned choice, we must be able to answer questions such as:

- When do people use simple cues?
- When do people ignore simple cues and seek more detailed information instead?
- When are simple cues sufficient for reasoned choice?
- When can people who offer simple cues manipulate or deceive those who use them?
- What factors determine why a person relies on some simple cues while ignoring many others?
- How do political institutions affect the use and effectiveness of simple cues?

To answer these questions, we construct theories of attention, persuasion, and delegation. Like all theories, ours build upon the ideas of others. Our theories’ lineage is most directly traced to economic games of incomplete information (e.g., Harsanyi 1967, 1968a, 1968b), signaling models (e.g., McKelvey and Ordeshook 1986, Spence 1973; see also Banks 1991), and strategic communication models (Crawford and Sobel 1982; see also Calvert 1986, Farrell and Gibbons 1989). However, our theory also contains premises that are common to theories of communication and learning in cognitive science (e.g., Churchland and Sejnowski 1992, Simon 1955) and theories of persuasion in social psychology (e.g., Eagly and Chaiken 1993, McGuire 1969, Petty and Cacioppo 1986). As a result, our theory has the rare advantage of being relevant to the usually separate debates on

## *Knowledge and Democracy*

learning, communication, and choice held in cognitive science, economics, political science, and psychology. Next, we describe our theory and preview the answers it gives to the questions listed previously.

### *Knowledge and Information*

We begin in Chapter 2 by developing a theory of attention. The purpose of our theory is to explain how humans cope with complexity and scarcity. As Simon (1979: 3) argues, “human thinking powers are very modest when compared with the complexities of the environments in which human beings live.” Making matters worse is the fact that many of the resources people need to survive are scarce.

*Ironically, for many political issues, information is not scarce; rather it is the cognitive resources that a person can use to process information that are scarce.* For example, political information appears in the newspapers, in the mail, on community bulletin boards, and on television and radio and is relayed to us in person by friends and family. People often lack the time and energy needed to make sense of all this information. As a consequence, people often have only incomplete information. Fortunately, reasoned choice does not require complete information. Instead, it requires *knowledge: the ability to predict the consequences of actions.*<sup>3</sup>

Implicit in many critiques of democracy is the claim that people who lack *information* are incapable of reasoned choice. By contrast, we argue that people who lack information solve enormously complex problems every day. They do so by making effective use of the information available to them, sorting that which is useful from that which is not.

*Information is useful only if it helps people avoid costly mistakes.* By contrast, if more information does not lead people to change their decisions, then it provides no instrumental benefit and they should ignore it. Indeed, ignoring useless information is necessary for humans and other species to survive and prosper (Churchland and Sejnowski 1992).

Those who find such statements surprising should consider the almost boundless range of actions, both mundane and grand, for which people ignore available information. For example, people take medication without knowing all of the conditions under which it might be harmful. They also buy houses based on limited information about the neighborhoods around them and with little or no information about the neighbors. People

<sup>3</sup>For example, knowing which of two products is “better” than the other is often sufficient for us to make the same choice we would have made had we been completely informed about each product.

## *Knowledge and Democracy*

make choices in this way not because the information is unavailable but because the costs of paying attention to it exceed the value of its use.<sup>4</sup>

Although reasoned choice does not require complete information, it does require the ability to predict the consequences of actions. In many cases, simple pieces of information can provide the knowledge people need. For example, to navigate a busy intersection successfully, you must *know* where all of the other cars are going to be sure that you can avoid crashing into them. Advocates of complete information might argue that successful automotive navigation requires as much information as you can gather about the intentions of other drivers and the speed, acceleration, direction, and mass of their cars. At many intersections, however, there is a simple substitute for *all* of this information – a traffic signal. At these intersections, traffic signals are substitutes for more complex information and reduce the amount of information required to make a reasoned choice. At intersections without working traffic signals or other simple cues, reasoned choices require more information. Using similar logic, it follows that limited information precludes reasoned choice only if people are stuck at complex political intersections and lack access to effective political traffic signals.

### *Persuasion, Enlightenment, and Deception*

People who want to make reasoned choices need knowledge. There are two ways to acquire knowledge. The first way is to draw from personal experience. People who exercise this option use their own observations of the past to derive predictions about the future consequences of their actions. The second way is to learn from others. People who exercise this option substitute other people's observations of the past for the personal experience they lack.

In many political settings, only the second option is available. This is true because politics is often abstract and its consequences are remote. In these settings, personal experience does not provide sufficient knowledge for reasoned choice. For many political decisions, reasoned choice requires learning from others.

There are many explanations of how people learn from others. Indeed, a generation of scholars, starting with Knight, Simon, Berelson et al.

<sup>4</sup>Furthermore, beyond being useless, some types of information cause people to make the wrong (i.e., welfare-reducing) choices when they would have otherwise made the right (i.e., welfare-increasing) ones with less information. For example, a person who votes for Jones instead of Smith because a newspaper endorses Jones may regret having attended to this additional information when Jones later opposes a policy that both she and Smith support.

## *Knowledge and Democracy*

and Downs, suggest numerous heuristics – simple means for generating information substitutes.<sup>5</sup> Examples include opinion leaders (Berelson, Lazarsfeld, and McPhee 1954), party identification (Downs 1957), biased information providers (Calvert 1985), campaign events (Popkin 1991), campaign information (Lodge, Steenbergen, and Brau 1995), history (Downs 1957, Fiorina 1981, Key 1966), polls (McKelvey and Ordeshook 1986), costly action (Lupia 1992), “fire alarms” (McCubbins and Schwartz 1984), people who have similar interests (Krehbiel 1991; Sniderman, Brody, and Tetlock 1991), demographics (Popkin et al. 1976), competition (Milgrom and Roberts 1986), interest group endorsements (Lupia 1994), and the media (Iyengar and Kinder 1987; Page, Shapiro, and Dempsey 1987).

Individually, each of these explanations of how we learn from others is valuable and enlightening. Each reveals a source of the judgmental shortcuts that people undoubtedly use. However, as Sniderman, Brody, and Tetlock (1991: 70) argue, “The most serious risk is that . . . every correlation between independent and dependent variables [is] taken as evidence of a new judgmental shortcut.” We agree. We need a theory that explains when or how people choose among the shortcuts listed in the preceding paragraph. To understand how people learn from others, we must be able to explain *how people choose whom to believe*.

In Chapter 3, we explain *how* people learn from others. This explanation answers questions such as “Who can learn from whom?” In Chapter 4, we explain *what* people learn from others. This explanation answers such questions as “When is learning from others a sufficient substitute for personal experience as the basis of reasoned choice?” and “When does relying on the testimony of others prevent reasoned choice?”

In Chapters 3 and 4, we show that learning from others is no trivial matter. To see why, notice that any attempt to learn from others leads to one of three possible outcomes.

- The first outcome is *enlightenment*. When someone furnishes us with knowledge, we become enlightened. Enlightenment, then, is the process of becoming enlightened. If we initially lack knowledge sufficient for reasoned choice and can obtain such knowledge only from others, then we can make reasoned decisions only if others enlighten us.
- The second outcome is *deception*. Deception is the process by which the testimony we hear reduces our ability to predict accurately the consequences of our actions. For example, we are deceived when someone lies to us *and* we believe that individual.
- The third outcome is that we *learn nothing*. When we learn nothing, our beliefs go unchanged and we gain no knowledge.

<sup>5</sup>Also, see Key (1966) and Tversky and Kahneman (1974).

## Knowledge and Democracy

Both enlightenment and deception, in turn, require *persuasion: a successful attempt to change the beliefs of another*. The key to understanding whether people become enlightened or deceived by the testimony of others is to understand the conditions under which they can persuade one another.

Most scholars of communication and politics, dating back to Aristotle, focus on a speaker's *internal character* (e.g., honesty, ideology, or reputation) as a necessary condition for persuasion. If a speaker lacks the right character, then these scholars conclude that the speaker will not be persuasive. In Chapter 3, we present a different set of necessary and sufficient conditions for persuasion. We argue that persuasion need not be contingent upon personal character; rather, *persuasion requires that a listener perceive a speaker to be both knowledgeable and trustworthy*. Although a perception of trust can arise from a positive evaluation of a speaker's character, we show that *external forces can substitute for character* and can thus generate persuasion in contexts where it would not otherwise occur.

An example of an external force that generates trust and persuasion is a listener's observation of a speaker's costly effort. From this observation, the listener can learn about the intensity of a speaker's preferences. This particular condition is also very much like the adage that actions speak louder than words. When speaker costs have this effect, they can provide a basis for trust by providing listeners with a window to speaker incentives.

To see how costly effort affects persuasion, consider the following situation. First, suppose that a listener knows a speaker to have one of three possible motivations – he is a conservative with intense preferences, a conservative with non-intense preferences, or a liberal with non-intense preferences. Second, suppose that the listener does not know which of the three motivations the speaker actually has. Third, suppose that the listener can make a reasoned choice only if he or she knows whether the speaker is liberal or conservative. Fourth, suppose that if the listener observes that the speaker paid a quarter of his or her income to affect a policy outcome, then the listener can conclude that the speaker has intense preferences. If all four suppositions are true, then the speaker's costly effort persuades the listener. As a result, the listener can make a reasoned choice because she can infer that the speaker is a conservative.

Another example of a trust-inducing external force is a penalty for lying. Penalties for lying, whether explicit, such as fines for perjury, or implicit, such as the loss of a valued reputation, can also generate trust by revealing a speaker's incentives. That is, although a listener may believe that a speaker has an interest in deception, the presence of a penalty for lying may lead the listener to believe that certain types of lies are

## *Knowledge and Democracy*

prohibitively costly, rendering certain types of statements very likely to be true.

Our conditions for persuasion show when forces such as costly effort and penalties for lying are, and are not, effective substitutes for a speaker's character.<sup>6</sup> These conditions reveal that you do not necessarily learn more from people who are like you, nor do you learn more from people you like. This is why most people turn to financial advisors, instead of their mothers, when dealing with mutual funds, and back to Mom when seeking advice about child rearing.

Unlike most well-known theories of persuasion and strategic communication, our conditions for persuasion also clarify how and when people suffer as a result of substituting simple cues for complex information. For example, our theory allows us to identify conditions under which a speaker can deceive a listener (i.e., conditions under which a speaker lies *and* a listener believes the lie). These conditions are important because many critics of democracy claim that uninformed citizens are ripe for manipulation at the hands of slick political salesmen.

We will show that deception requires a number of factors that are not trivially satisfied. More important, in Chapters 4 and 10, we will use the conditions for deception that we identify as the basis for showing how certain political institutions can be redesigned to reduce the dangers of deception.

More generally, our conditions for persuasion show why some statements are persuasive and others are not. The obvious reason for these differences is that statements vary in content. The less obvious reason is that the context under which a speaker makes a statement also affects persuasion considerably. Two people making precisely the same statement may not be equally persuasive if only one is subject to penalties for lying.

Our conditions for persuasion further imply that not everyone can persuade. People listen to some speakers and not others. They read some books and not others. They buy some products even though the manufacturers spend very little money on advertising while refusing to buy others supported by celebrity endorsements. Similarly, people respond to the advice of some experts or interest groups and not that of others. Our conditions for persuasion explain how people make these choices.

Our results also reveal the bounds on the effectiveness of the heuristics mentioned earlier. Consider, for example, the use of ideology as a heuristic. When there is a high correlation between a speaker's ideology and that speaker's knowledge and trustworthiness, then people are likely to find ideological cues useful. By contrast, when there is no clear correlation,

<sup>6</sup>A third external force that can induce a listener to trust a speaker arises when the speaker's statements are subject to some chance of being externally verified.



## *Knowledge and Democracy*

ideology is useless. Similar arguments can be made about other heuristics, such as party, reputation, and likability. In sum, *concepts such as reputation, party, or ideology are useful heuristics only if they convey information about knowledge and trust. The converse of this statement is not true* – knowledge and trust are the fundamental factors that make cues persuasive; the other factors are not.

In Chapter 4, we shift our focus from identifying the conditions for persuasion to identifying how the design of political institutions can affect the incidence of enlightenment and deception. The key to enlightenment is that a listener has accurate beliefs about the speaker's knowledge and incentives. The key to deception is that the listener has inaccurate beliefs about these factors.<sup>7</sup> When nature, cultural norms, or the structure of political institutions provides listeners with a window to a speaker's interests, knowledge, and incentives, then the context is ripe for enlightenment. Otherwise people who attempt to learn from others are likely to be deceived. We conclude Chapter 4 by arguing that reasoned choice is impossible only when there is limited information and the conditions for enlightenment do not exist and cannot be created. Together, Chapters 3 and 4 clarify the relationship between limited information and reasoned choice.

### *Successful Delegation and the Institutions of Knowledge*

In Chapter 5 we use the lessons of Chapters 2, 3, and 4 to clarify the political consequences of limited information. We begin with the observation that modern democracy requires delegation. We then show that delegation has three possible consequences – it can succeed, it can fail, or it can have no effect. We deem delegation to have succeeded when an agent (the person or persons to whom authority is delegated) enhances the welfare of a principal (the person or persons who did the delegating). We deem delegation to have failed when an agent reduces a principal's welfare. Delegation has no effect when an agent's actions do not affect a principal's welfare.

Two reasons are commonly cited for the failure of delegation: principals and agents have *conflicting interests* over the outcome of delegation, and agents have *expertise* regarding the consequences of the delegation that principals do not (for a survey, see Kiewiet and McCubbins 1991, Miller 1992). When delegation occurs under these conditions, agents are

<sup>7</sup>If you know a false statement is coming, then it is optimal to ignore what the speaker is saying. Therefore, you can be deceived only if you mistake a false statement for a true one.