The Wisdom of Crowds versus the Madness of Crowds

Abstract
Declining trust in northern liberal democratic institutions poses serious challenges to legislatures (parliaments). That mistrust extends to traditional media at a time when new digital media are fanning ‘fake news’ and a ‘madness of crowds’. Will the ‘wisdom of crowds’ on which liberal democracy critically depends prevail over the ‘madness’? Can parliaments resolve that tension positively? In New Zealand trust in political institutions is still high, but voter turnout has slid, especially among the young. Parliament has work to do.

Keywords Parliament, liberal democracy, trust, reform

Colin James is a distinguished journalist and author, and a Senior Associate of the Institute for Governance and Policy Studies at Victoria University of Wellington.

‘Trust in Parliament in a post-truth world’ was the title of the Australasian Study of Parliament Group’s annual conference in Brisbane in July.1 It is a pertinent question at a time when populism has been rising in liberal democracies and may rise more.

As David Solomon argued at that conference, parliaments like ours are in a sense the trustees of democracy and of the people’s interests (Solomon, 2018). That voting turnouts have been declining, particularly among younger cohorts, suggests that parliaments like ours are decreasingly seen as living up to that trustee role. If so, liberal democracy is at risk. That is all the more so if the information the people are getting from and about Parliament is distorted or fragmented; if we are in fact living in a ‘post-truth’ world.

Truth and politics are not symbiotic. There is much truth in politics. But there
is also much adaptation of truth to need, desire, ideology and ambition. Parliaments are infused with politics. So truth and parliaments in liberal democracies are jostling bedfellows.

In a liberal democracy, as in Aotearoa New Zealand, Parliament is the ‘speaking place’ for and on behalf of citizens. It is citizens’ representative in the power structure. It sets society’s formal rules and sets penalties for breaking those rules. It is ultimately superior to the executive. As the ‘speaking place’ and maker of the rules, Parliament is critical to civic well-being. If Parliament falls short, civic well-being is damaged.

A representative democracy

Our Parliament is representative because it has been impossible to gather all citizens together to make decisions. Parliament filters citizens’ views, wishes, prejudices and impulses to enable informed and workable resolutions of citizens’ contests of wills. The ‘crowd’ elects representatives to Parliament and Parliament distils the ‘crowd’s’ needs and wants and, at its best, resolves them.

In its modern form, this representative democracy is around a century and a half old. In the preceding era of oligarchic parliaments only a select elite of property owners and aristocrats were directly represented. The rest of the population – the ‘crowd’ – at most ‘consented’ and did so passively; ‘acquiesced’ is a better term.

Oligarchy was thought appropriate because the ‘crowd’ – the ‘demos’, from which ‘democracy’ is derived – was not to be trusted. A.C. Grayling, in his recent book, quotes Plato as saying the ‘demos’ was ‘driven in unruly fashion by emotion, self-interest, prejudice, anger, ignorance and thoughtlessness into rash, cruel, destructive and self-destructive action’. Grayling interprets Plato as calling the demos a numerous body without a head ... too vulnerable to being captured by the emotion of the moment, by the phenomenon of the ‘madness of crowds’ which panic or anger can prompt, or which demagogues are by definition skilled at arousing and exploiting. (Grayling, pp.2, 4)²

In short, the risk of tyranny was thought greater from democracy than from monarchy or ‘open oligarchy’. Around 2,400 years later, Lee Kuan Yew, founding and decades-long prime minister of Singapore’s benign autocracy with parliamentary trappings, echoed Plato: ‘I do not believe that democracy necessarily leads to development ... The exuberance of democracy leads to undisciplined and disorderly conduct’ (Kurlantzik, 2013, p.79, quoted in Micklethwait and Woolridge, 2015, p.138). Better to hand over decisions to Lee’s technocratic elite.

The term ‘madness of crowds’ comes from Charles Mackay’s resonant 1841 book, Extraordinary Popular Delusions and the Madness of Crowds (Mackay, 1852),² which documents ‘moral epidemics’ such as the tulipmania in Holland in the early 17th century and the South Sea Bubble in Britain a century later, to which one might now add events such as the late 1990s tech bubble and the collaterised debt obligations which led to the 2008 global financial crisis – and, currently, wild house prices.

The good news for democracy was that, as the industrial revolution reshaped European and North American economy and society and lifted rising numbers out of poverty, the elites realised that direct representation – what might be called ‘active consent’ – could safely be extended to those rising classes, and, moreover, had to be if social order and cohesion were to be maintained. The theory that underpinned, or grew out of, this evolution was, Grayling says, ‘that the ultimate source of authority should lie in democratic assent and that government should be and could be sound and responsible’ (Grayling, 2017, p.5). New Zealand was in 1893 the first country to take this to its logical conclusion with universal suffrage, including women and indigenous Māori.

The decline of bounded rationality

To channel the ‘crowd’s’ preferences, demands and needs into practical programmes, parties evolved, with programmes and ideologies. Over time parliaments in liberal democracies, particularly after 1945, came to be dominated by parties of the centre-left and centre-right, alternating in office and operating within informally understood policy boundaries which could be pushed to the left or to the right but within limits. Minority parties outside those boundaries, to the left or right or to the sides, were just that, minorities.

Bounded rationality still reigns in this country, where a recent survey found a marked lift since 2016 in trust and confidence in the government, ministers and MP ...
In short, in liberal democracies the ‘crowd’ is no longer moderated by moderate parties. The ‘elites’ accordingly are agitated.

In his book Grayling charts first the birth and evolution of liberal democracy, then its descent into what he sees as failure. His three main reasons for ‘why representative democracy has failed to deliver on the promise of its design’ are: the redirection of the system by those who take control in the interests of their class or party; failure to educate the ‘demos’; and ‘interference and manipulation by agencies with partisan interests … to get the democracy to deliver their preferred outcomes’ (Grayling, 2017, p.133).

Grayling ends on Brexit, condemning the bumbling mishandling by an elitist cabinet of what its toff prime minister asserted was an advisory, non-binding referendum. But Grayling’s Anglocentricity blinds him to what a quick check with Switzerland or even New Zealand could have taught David Cameron about referendums, notably to do them in stages with opportunity for reflection, which might have resulted in a Remain vote. Anglocentric Grayling wants referendums abolished or at most subjected to a supermajority. He does not see they could be usefully refined.

Grayling’s other Anglocentric shortsightedness is to predicate his book on representative democracy as if that is what democracy is. It isn’t. Representation is only one channel through which the demos – the ‘crowd’ – can exercise – and moderate – its will.

Other ways of doing democracy

There have long been, and now there is a growing number of, alternative ways to express opinion, to develop ways of thinking, to assemble and assess evidence, to build coalitions, to work through competing options for action, reach consensus or a majority agreement and mandate action. These have ranged from riots and organised protest, through petitions that attract support from the ‘crowd’, to pressure and interest groups, constitutional conventions and, more recently, citizens-initiated referendums, citizens assemblies and juries, expert working groups and collaborative governance consensus-seeking by competing interest groups. Some of these are sanctioned by Parliament, some not. That some are not sanctioned highlights a core characteristic of representative democracy: that, apart from periodic elections, it operates only by the ‘consent’ or ‘acquiescence’ of the ‘crowd’ and that consent can be, and occasionally is, withdrawn or made conditional. (The same goes, by the way, for autocracy.)

The turn to populism in northern liberal democracies amounts to at least a partial withdrawal of consent and acquiescence. This has happened before from time to time in liberal democracies, most tragically in the swing from the Weimar Republic to Nazism in the early 1930s. But the latest populist surge has some distinct characteristics.

One is the breadth of reaction across many countries, most recently Sweden, which for decades was the liberal-democratic archetype. The other is the new mechanisms digital technology has made available to the ‘crowd’ and to those who seek to feed on and influence the ‘crowd’. Far more populous ‘crowds’ can be reached and can interact across far greater distances than in the pre-digital era, and those connections are made faster than lightning. And the larger the crowd, the more irrational its members can be. We are still learning the implications for everyday life of that connectedness. Also, what the ‘crowds’ say about themselves and to others can be harvested and processed by artificial intelligence computers – and misused – in ways 20th-century statisticians and marketers – and crooks – could only dream of.
As a swelling flow of new books underlines, these new technologies have wreaked serious damage on the keeper of ‘truth’, the fourth estate, which provided channels of information to and from the citizens and their representatives and so was a check on Parliament, however imperfect. The new-era robber barons, Facebook, Google, Amazon and other social media, have sucked much of the advertising lifeblood out of traditional media and by doing that have diminished the role of traditional media’s fact-seeking journalists. They channel ‘news’ according to their users’ clicks, reinforcing preference, prejudice and preconception. They carry bots: automated accounts which autonomously spread messages (astroturfing), amplify allies’ messages (propaganda) and dampen opponents’ messages (roadblocking). An Illinois University study found that during the 2016 United States election a fifth of election-related Twitter messages were generated by such bots.

As a result, real news is garbled and the spread of ‘fake’ news is enabled. That is the antithesis of truth and the enemy of the trust on which representative democracy depends. It fuels what Jamie Bartlett in The People vs Tech calls ‘hyperpartisan’ group loyalty to parties or demagogues or biases (Bartlett, 2018, p.43). Bartlett sees digital technology as incompatible with democracy and says it is set to destroy democracy if politicians don’t bring it under control.

Facebook and the other robber barons also harvest personal data, which can then be processed by artificial intelligence to target bots. This can be used by political consultants and their clients, and by hostile governments or crooks to distort voting, as in the United States presidential election and the Brexit referendum. Add in the hacking of emails and websites and the malign use of digital technology. Representative democracy and its parliaments face potentially existential threats.

That’s the bad news: the fuelling of a fulsome ‘madness of crowds’ with distorted, fabricated and malicious ideas. This is the ‘post-truth’.

Moreover, this digitised world is the one younger people – the 20-somethings and younger – have grown up with. They think differently, cohort by cohort. The under-20s are different from the over-20s and both think differently from the 30-somethings. And the under-10s? Don’t ask. Representative democracy is less central to the under-30s’ lives, thinking, expectations and hopes than to older cohorts. Unsurprisingly, voter turnout in elections has declined here and in other democracies (at least where voting is not compulsory).

The good news
But there is also good news. The new media and the other threads of the web also can and do enable and fuel a ‘wisdom of crowds’. They enable participation in ways that in the past were difficult to organise into a durable, influential political force. But they do appear to be pointing to the development, however unevenly, of alternative ways of doing democracy.

I term this ‘distributed democracy’ (James, 2017b, pp.252, 254), by analogy with distributed generation of electricity by householders, small groups, factories and building managers through photovoltaic cells, biofuels, wind microturbines and combined generation using processing heat and feeding that back into the grid. Shadbolt and Hampson call it ‘liquid’ or ‘delegative democracy’ (Shadbolt and Hampson, 2018, p.118).

The good news for parliaments is twofold. First, even with distributed electricity generation the need persists for big generators and a grid. Likewise, for as long as there are sovereign nation states, maintaining social order needs central authority and assignment of power and so a national legislature and government. (I leave aside here the argument that cities will, or may, over time take over much of what states do, which I explored in a talk late last year (James, 2017a).)

Second, while distributed democracy leaves room for ‘madness of crowds’, it also makes room for ‘wisdom of crowds’, and that wisdom can be superior to leaders’ assumed wisdom.
So we might say democracy is an interplay, a tension between the ‘madness of crowds’ and the ‘wisdom of crowds’. Both have always been in play. Liberal democracy works well when the ‘wisdom’ prevails over the ‘madness’, as it did in liberal democracies during the six decades when the bounded rationality of the centre-right/centre-left hegemony prevailed, and with it, stability. But over the past decade or so the ‘madness of crowds’ has been rising, aided by digital technology. This fragments or degrades liberal democracy. Freedom House, which monitors the rise and fall of democracy, reports that 2017 was the 12th consecutive year of ‘decline in global freedom’, not least in that self-proclaimed bastion of modern democracy, the United States (Abramowitz, 2018).12

Is this surprising? After all, the Vasco da Gama era, the 500-year Euro-American dominance of the global economy and politics, has ended and with it the Euro-American dominance of ideas, in new science and of how to organise societies, their economies and their politics. China and India, both reclaiming their pre-da Gama eminence, along with other emerging centres of power are bidding for leadership in science and societal and political organisation (Kaplan, 2018).13 Sure, the trend of the past 200 years or so has been towards liberal democracy. But the recent lapse noted by Freedom House cannot be assumed to be temporary. Xi Jinping, Vladimir Putin, Viktor Orban and Recep Erdoğan and their devotees have ambitions directly contradictory to liberal democracy. That’s the gloomy trend. But in liberal democracies, ‘madness’ has not vanished through liberal democracies, Czechoslovakia and in a muted form elsewhere behind the Iron Curtain? And, if so, are there elements of those undercurrents that promise the rescue or redevelopment of liberal democracy? Candidates include peace, individuality combined with communal inter-responsibility, freedom and equality of human rights, and even a ‘new leftism’. But even if such undercurrents are flowing, which cohort will bring them to the surface: the 30-somethings or the under-20s? And will that be too late to rescue liberal democracy from the growing cancer of the ‘madness of crowds’ and the rising pressure of alternatives such as Xi Jinping’s?

It is too early to address, let alone answer those questions. Any answers may rest on too flimsy a hypothesis. But there is a case for optimism. The Canadian cognitive psychologist and linguist Steven Pinker has presented mountain ranges of evidence that humans across most of the world are treating each other better century by century and decade by decade: hugely less poverty, hugely less untreated disease, even less war and homicide (in liberal democracies), underpinned by greater personal freedom and rights (Pinker, 2011, 2018). That points to the triumph of autocracy but towards something that might look more like a descendant or outgrowth of, or migration towards, liberal democracy.

One reason we have become despondent and why large minorities have turned away from liberal democracy is the relentlessly negative tone of the traditional media. We play up the bad, the disgusting, the violent, the worst side of human nature. We think that is what readers/listeners/viewers want. Entertainment trumps information. That negative tone was no better encapsulated than in the first words of the New York Times’ emailed weekend briefing of 20 May on the royal wedding: ‘Let’s start with some good news for a change.’

Pinker overstates his case. But the underlying point, I think, has merit. If so, there is life and value yet in liberal democracies – upsides worth developing, including in the capacity for distributed democracy to build the ‘wisdom of crowds’.


Parliament’s need to pick up its game
If that is to be so, parliaments will be critical to building the wisdom and quelling the madness. As the law-making meeting places, the ‘places to talk’, parliaments can take initiatives that can influence the course of debate, argument and resolution. A quick list for the New Zealand Parliament might go something like this:

First, stamp out bad behaviour. Question time (despite some innovative attempts at corrective action by Speaker Mallard) is a disgrace, to Parliament and the nation. It is a sufficient reason not to vote, or at least not to vote for incumbents. Partisanship cannot be eliminated because politics begets tribes with different ambitions for themselves, their supporters and the country. But airing those differences should be by principled debate, not snide, personalised, denigrating and partisan argument and catcalling.

Second, rework debate in a much strengthened committee structure to get more focus on improving legislation and informing it with disinterested expert, especially scientific, evidence.
Third, help MPs behave more like the responsible representatives they need to be by beefing up resources: good salaries; more administrative support in Parliament and in electorates or, in the case of list MPs, in the area they choose as their base; strong research support, including funded access to private and academic experts and scientists for evidence; and access to departmental advice.

Chris Hipkins' glib dismissal on 6 September of the Appropriations Review Committee report on resourcing MPs (Appropriations Review Committee, 2018) as ‘dead in the water’ demeaned Parliament in a way that invites distrust. Hipkins’ title, leader of house, suggests he is the guardian of Parliament, but actually he was acting as an officer of the executive, lording it over MPs and Parliament. For as long as this overlordship persists, Parliament will earn its growing disrepute. Mindless media carping at Simon Bridges doing his proper job going round the country listening and Jacinda Ardern participating in the strategically important South Pacific Forum doesn’t help.

Fourth, reduce voter cynicism about who really runs the show (shadowy figures behind political parties) by greatly increasing public funding of political parties and tightening rules limiting private donations, and requiring information on donations to be widely distributed publicly, by way of social media, so people who don’t normally engage in politics see who is paying whom.

Fifth, related to that, generously publicly fund something like Radio New Zealand to produce a platform of factual, serious media, and even social media, can engage and involve voters in more complex interaction.

Sixth, related to that, start looking for ways to mandate the curation of social media and hold the curators to account. Obvious mechanisms are tax and regulation, but regulators will need to be very nimble, fast and innovative to keep up with changes in technologies, algorithms and platforms. That means competing on price with the tech industry.

Seventh, set up an independent fiscal commission appointed by the whole of Parliament and convert some other commissions into parliamentary commissions similarly appointed. That could include, for example, the Human Rights Commission and the planned Climate Commission, among others. But first rewrite the appointment, dismissal and oversight rules of such commissions to ensure proper, open, just process.

Engaging the ‘crowd’

Eighth, adopt the principle of subsidiarity and enable and mandate local councils to take more power and do more.14 Councils vary greatly in quality but they are closer to their segments of the ‘crowd’. If well resourced, councils might prove able to develop internet-based ways of engaging ‘new legislation, in principle, could be crowd-sourced’ (Shadbolt and Hampson, 2018, pp.304–5). Jamie Bartlett offers a long list of aspirational corrective measures, including reining in and fully taxing the digital giants like Google, Facebook, Amazon and Apple and ‘policing the algorithms’ (Bartlett, 2018, p.207ff).

To a fading baby boomer like me the Shadbolt–Hampson musings stray into science fiction territory. But in the digital world much that was science fiction 40 or 50 years ago is fact now. Why not new ways of doing democracy if the alternative is outdated, outmanoeuvred, outsmarted and illegitimate parliaments? We in liberal democracies need parliaments, to focus... parliaments need to be modern, as they learnt they needed to be in the 19th century when the aristocracy and upper classes were challenged by the merchant and industrial classes and a new industrial working class.

---

1 This article is adapted from a paper delivered at the Australasian Study of Parliament Group conference, Brisbane, 17–18 July 2018, and a subsequent presentation in Wellington.
The Wisdom of Crowds versus the Madness of Crowds

2 Grayling also quotes (p.3) Sir Winston Churchill as saying, ‘the strongest argument against democracy is a few minutes conversation with any voter’ because it reveals the ignorance, self-interest, short-termism and prejudice typical of too many voters’, and satirist H.L. Mencken’s quip, ‘Democracy is a pathetic belief in the collective wisdom of individual ignorance.’

3 In the foreword to the 1932 edition Bernard Baruch, in the aftermath of the 1929 stockmarket crash, quoted Friedrich Schiller: ‘Anyone taken as an individual is tolerably sensible and reasonable – as a member of a crowd, he at once becomes a blockhead’. Baruch went on to talk of ‘crowd-thinking, which often becomes crowd madness’.

4 Trust and confidence were much higher among older than younger age groups.

5 Goodhart used the terms ‘nowhere’ and ‘somewhere’.

6 I covered these developments (as up to July 2017) in some detail in James, 2017, pp.156.

7 Former writes of these countries: ‘democracy may be the problem, not the solution. Instead of moderating extremism, the will of the majorities in these countries has been driving it.’


10 Bartlett notes: ‘Crowds certainly are wise when it comes to solving technical, non-value-based problems like fixing computer bugs but politics is very different’ (p.44).

11 They describe the evolution of Wikipedia on p.103ff, and on p.251 the development in 48 hours of a data set into a comprehensive website pinpointing on maps accident blackspots for cyclists in London.

12 The report said that ‘since the 12-year global slide began in 2006, 113 countries have seen a net decline, and only 62 have experienced a net improvement’. It noted also that ‘the United States retreated from its traditional role as both a champion and an exemplar of democracy amid an accelerating decline in American political rights and civil liberties’.

13 Robert Kaplan (2018) calls this a return to ‘Marco Polo’s world’; that is, to the global balance applying before the European expansion that followed Vasco da Gama’s explorations.

14 On 15 July Local Government New Zealand and the New Zealand Initiative launched a ‘localism’ project promoting decentralisation. A summit is timed for February 2019.

References


Appropriations Review Committee (2018) Towards a World-leading Democracy, report of the seventh triennial Appropriations Review Committee, 17 August


Fromer, Y. (2018) ‘From Turkey to Israel to Iran, popular opinion drives the problem, not the solution. Instead of moderating extremism, the will of the majorities in these countries has been driving it.’


Machinery of Government

RESTORATIVE JUSTICE FACILITATOR TRAINING

→ Wed 14, Thu 15 & Fri 16 November 2018, 9am–4:30pm

MACHINERY OF GOVERNMENT

→ Tue 13 November 2018, 9am–4:30pm

→ Mon 18 March 2019, 9am–4:30pm

PUBLIC POLICY FUNDAMENTALS

→ Thu 21 February 2019, 9am–4:30pm

We can also deliver in-house courses, customise existing courses or design new programmes to suit your requirements. We now also run courses at our Auckland training rooms. For more course dates, further information and to enrol visit www.victoria.ac.nz/prodev or call us on 04-463 6556.