

# SUBSCRIBE NOW AND RECEIVE *CRISIS AND LEVIATHAN*\* FREE!



"*The Independent Review* does not accept pronouncements of government officials nor the conventional wisdom at face value."

—**JOHN R. MACARTHUR**, Publisher, *Harper's*

"*The Independent Review* is excellent."

—**GARY BECKER**, Noble Laureate in Economic Sciences

Subscribe to [\*The Independent Review\*](#) and receive a free book of your choice\* such as the 25th Anniversary Edition of *Crisis and Leviathan: Critical Episodes in the Growth of American Government*, by Founding Editor Robert Higgs. This quarterly journal, guided by co-editors Christopher J. Coyne, and Michael C. Munger, and Robert M. Whaples offers leading-edge insights on today's most critical issues in economics, healthcare, education, law, history, political science, philosophy, and sociology.

Thought-provoking and educational, [\*The Independent Review\*](#) is blazing the way toward informed debate!

Student? Educator? Journalist? Business or civic leader? Engaged citizen? This journal is for YOU!



\*Order today for more **FREE** book options

**SUBSCRIBE**

Perfect for students or anyone on the go! *The Independent Review* is available on mobile devices or tablets: iOS devices, Amazon Kindle Fire, or Android through Magzter.



---

# Truth and Consequences

## *Some Economics of False Consciousness*

— ◆ —  
DONALD J. BOUDREAUX  
AND ERIC CRAMPTON

When theory fails systematically to square with reality, theorists can reconcile the differences in various ways. In some cases, they can abandon the theory and then adopt more plausible theories. In others, they can reexamine and improve the theory. Unfortunately, in a few cases, they inappropriately stitch patchworks onto empirically falsified theories in desperate salvage attempts. Such is the case when, faced with a reasonably happy proletariat instead of class-conscious masses yearning for revolution, Marxist and other radical-left theorists invoked *false consciousness* as an explanatory factor. Workers choosing jobs over revolt, according to the theory, do so only because they haven't recognized the depths of their own oppression.<sup>1</sup> Women choosing housekeeping over a career, they argue, do so only because of patriarchal hegemony. Careful exploration of the concept leads to the conclusion that false consciousness certainly can and does exist, but not in the sense promoted by the radical left. Rather, economic theory leads us to expect false consciousness in cases where the individual has little personal stake in or little control over the outcome—conditions that much more closely resemble the decision envi-

---

**Donald J. Boudreaux** is a professor in and chairman of the Department of Economics at George Mason University. **Eric Crampton** is a graduate student in economics at George Mason University.

1. Proponents of oppression-obsessed theories call their theories by the more upbeat name *liberation* theories. (Students at the Yale Law School in the late 1980s started a new journal devoted to “liberation” theories: *Yale Journal of Law and Liberation*.) Liberation thinkers first identify various oppressed people and then construct theories justifying liberation of these people from their oppressors. And such liberation is always desperately needed, for the oppressors are so vile and their hegemony so thorough that the great majority of their victims have no sense of their victim status.

*The Independent Review*, v. VIII, n.1, Summer 2003, ISSN 1086-1653, Copyright © 2003, pp. 27–45.

ronment of the theorist decrying shortages of class consciousness than that of the individual choosing work over revolt.

Many on the radical left invoke the concept of false consciousness to explain the failure of the oppressed to behave and talk as we might expect oppressed people to behave and talk. False consciousness, as diagnosed by the left, is a mental condition that immunizes victims from truly understanding how—and even *that*—they are victimized. J. M. Balkin observes, “[t]he notion that one’s own beliefs are serving interests contrary to one’s own is often summed up in the illusive term ‘false consciousness’” (1995, 1935). Elaborating on this idea, radical-left law professor Richard Delgado writes, “the term ‘false consciousness’ refers to a phenomenon in which the oppressed come to identify with their oppressors, internalize their views, and thus appear to consent to their own subordination” (1993, 674). If victims are blinded by their oppressors, it is no surprise that their actions do not betray their victim status. Indeed, their general contentment in the face of massive oppression *proves* the overwhelming and unchallenged hegemonic power of oppressive elites. As Mari Matsuda says, “Power at its peak is so quiet and obvious in its place of seized truth that it becomes, simply, truth rather than power” (1990, 1765). Catherine MacKinnon—a leading guru of radical feminist thought and a writer so obsessed with rhetorical flourish that she seldom hesitates to sacrifice intelligibility for flamboyant embellishment—writes: “the worse and more systematic one’s mistreatment is, the more it seems justified. Liberalism has a regard for power that never *sees* it, yet sees *only* it. It never sees power as power, yet can see as significant only that which power does” (1987, 221, original emphasis). Only the courageous and talented few (almost all of whom are academics) can identify power so deep and indomitable, and only they, somehow, have broken free of the mentally stultifying forces of bourgeois institutions.

Scholars of all political persuasions have taken justifiable and accurate aim at the use many radical leftists make of false consciousness.<sup>2</sup> Although we agree that leftist proponents of false consciousness use it as nothing more than a methodologically corrupt device to salvage empirically suspect theories, we argue here that false consciousness is a plausible concept. People *can* be misled systematically about how others treat them. And people *can* form and cling sincerely to utterly invalid theories of social reality—theories that distort their adherents’ views of reality and, hence, cause these adherents to support policies harmful to them and to those about whom they care.

Therefore, in this article, we make a case for false consciousness. Unlike radical leftists, however, we do not yank false consciousness out of the air whenever contradictions between observed reality and a theory’s predictions need papering over. Instead, we use standard economics to identify conditions under which false consciousness both is and is not likely to emerge. Notably, economics shows that false consciousness is *not* likely to afflict the persons whom the radical left has typically

---

2. Criticisms of false consciousness from the left include Abrams 1990, Kim 1993, and Strossen 1993. Criticisms from the right include Epstein 1993.

identified as being afflicted by false consciousness. Moreover, academics themselves in their roles as social critics are among those most likely to be afflicted by false consciousness. Far from pioneering or engineering humankind's liberation from false consciousness, academics are highly susceptible to it. Therefore, their social criticism and policy proposals should be approached with healthy skepticism.

## The Economics of False Consciousness

*False consciousness* is a term favored by the left as a label for people's systematic failure to understand adequately and respond to social reality. Although no one can hope to understand reality in full, false consciousness exists whenever the degree of misunderstanding is so great that people mistake social arrangements that really harm them as being social arrangements that benefit them. The institutions typically identified by the left as victimizing people who, because of false consciousness, are blind to their victimization include capitalism (victimizing everyone except the bourgeois elite) and "traditional" nuclear-family arrangements (victimizing women). Victims' false consciousness is a narcotic, inducing a complacency that prevents the overthrow of oppressive social institutions by nonoppressive institutions. Thus, malignant institutions can persist indefinitely, wreaking net harm year after year after year.

An economist's initial instinct is to dismiss false consciousness out of hand because it posits people who neither know nor learn what's good for them. Such people seem at odds with the economist's assumption of human rationality. One component of human rationality is a person's ability to learn and to adjust his actions to assure the achievement of his goals. Rationality, according to Richard Posner, "implies that people respond to incentives—that if a person's surroundings change in such a way that he could increase his satisfaction by altering his behavior, he will do so" (1992, 4). Likewise, Eugene Silberberg points out that economists assume that "all individuals strive to mitigate or reduce the adverse consequences of the constraints they face; if any constraint changes, people will respond so as to reduce rather than reinforce these adverse effects" (1995, 20). False consciousness, in contrast, requires that large numbers of people never learn that some set of institutions inflicts genuine harm on them. To reconcile false consciousness and economic theory, we turn to the economics of information.

At the core of the economics of information we find the concept of rational ignorance. Understanding rational ignorance begins with the recognition that knowledge is not only valuable but also costly. Time and effort spent acquiring knowledge are diverted from other worthwhile pursuits. As with all costly items, rational people will acquire knowledge only up to the point at which the expected cost of additional knowledge equals the expected value of that additional knowledge. Knowledge is never so valuable that the cost of acquiring it does not limit the amounts acquired (Stigler 1961).

In this sense, then, everyone is rationally ignorant about everything. No one ever learns all there is to know about anything. In most economic contexts, however,

rational ignorance tends not to lead to undesirable outcomes because individuals develop reasonably good rules of thumb for dealing with limited information, and, on average, they will get things more or less right. In more technical terms, limited information will increase the variance of people's choices in particular contexts, but on average people will find the alternatives that best achieve their goals (Heiner 1983). When making economic choices, people have incentives to get things right. The effort they put into making the correct decisions will be proportional to the stakes involved.

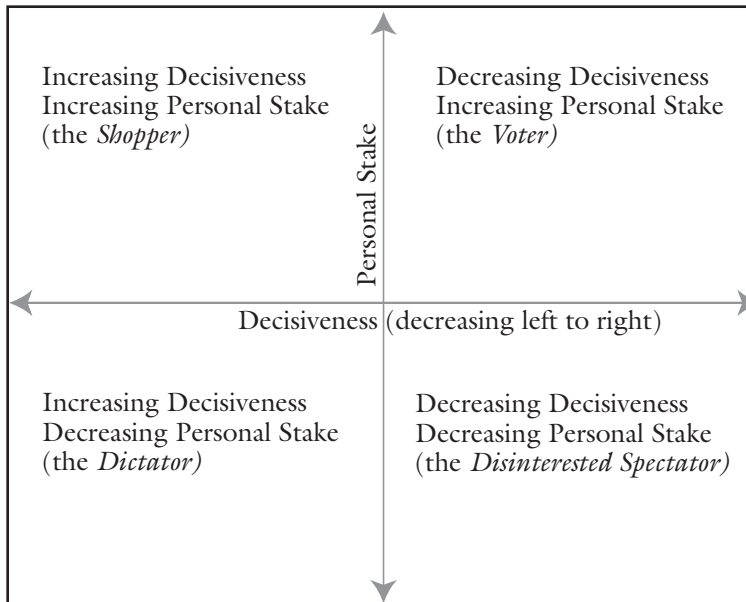
Therefore, far from counseling that false consciousness be jettisoned as a concept, economics explains more accurately when false consciousness is—and is not—likely to exist. Rational ignorance implies that people will invest resources in acquiring and carefully processing information when the stakes warrant doing so. But rational ignorance also implies the converse: a person will acquire less knowledge about some event (1) the lower his or her influence over the outcome of that event is and (2) the lower his or her stake in the outcome of that event is. A person with little influence over the outcome of some event or with no subjectively felt personal stake in the outcome of some event will expend less time, effort, and resources on making an informed choice among alternatives than will someone with both a decisive role in determining the outcome of an event and a personal stake in the outcome. In other words, a person has incentive to become *adequately* informed about impending choice situations only when he or she is both *decisive* in and *personally affected* by the decision. Stripping decisiveness or personal stakes from decision makers moves them from the realm of rational ignorance, where real-world consequences follow from choices, to the realm of what Brian Caplan has dubbed “rational irrationality.” As Caplan (2001a, 2001b) argues, when people have no incentive to gather and process information rationally, they will choose to indulge personal prejudices that may or may not square with the real world; they rationally choose to hold irrational but pleasant beliefs in low-consequence environments. Observed choices in such circumstances do not reveal the chooser's true preferences—in other words, the preferences the chooser would reveal if his or her choice were decisive.

Figure 1 depicts the four possible combinations of decisiveness and personal stakes. This matrix is useful for identifying the characteristics of choice situations that promote or stymie responsible decision making. Consider the  $x$ -axis, decisiveness, as measuring the probability that the individual's choice will become the final outcome. The probability approaches 1 at the left-hand extreme of the axis and approaches zero at the right-hand extreme. Consider the  $y$ -axis, personal stake, as measuring the amount by which the decision maker is made better off by choosing one alternative rather than another. For decisions of equal total global consequence, the  $y$ -axis can measure the extent to which the decision maker will internalize the utility difference.

In the northwest quadrant, characterized by the *Shopper*, are decisions in which each individual decision maker is decisive *and* has a direct personal stake in the outcomes of the choices made. Choices by consumers in private-property markets are

**Figure 1**

Decisiveness, Personal Stake, and Four Decision Archetypes



good examples of such decisions. An individual consumer is decisive in determining, say, whether he buys the house on Elm Street or the condominium on Oak Street, and this consumer has a personal stake in making the correct decision. (If the condominium is located in a bad neighborhood or if it is too small for his needs, the buyer personally suffers the ill consequences of having selected the condominium over the house.) Decisions characteristic of the *Shopper* are those for which decision makers are most likely to gather adequate information and to exercise careful and prudent judgment.<sup>3</sup> Decision makers in this northwest quadrant are “rationally informed” rather

3. To be precise, this sentence should read “Decisions characterized by the *Shopper* are those for which decision makers are most likely to gather the greatest amount of information and to exercise the most considered and prudent judgment *relative to the value of the decision at hand*.” The reason for the italicized qualification is that decisions that have only minor consequences (for example, a consumer’s choice of which breakfast cereal to purchase today) are not decisions for which rational decision makers gather absolutely large quantities of information or spend hours deliberating before making their choices. The larger the personal consequence of a decision, the greater is the cognitive effort devoted to making the choice. Home buyers spend more time examining and weighing the relative merits of different homes than chewing-gum buyers spend searching for just the right stick of chewing gum. But this relationship between the size of a decision maker’s personal stake in a decision and the amount of effort this person will exert to make the correct decision should not obscure the fact that no matter how small the personal consequences of a decision may be, the person with the largest personal stake in that decision is the one with the strongest incentive to choose correctly.



than “rationally irrational.” In no other quadrant are they likely to be rationally informed.

In the northeast quadrant, characterized by the *Voter*, are decisions in which the “decision maker” has a high personal stake but no decisive decision-making power. An example would be a decision process in which, say, people vote democratically to elect a housing commissar who decides which house or condominium each would-be homeowner must purchase. Each aspiring homeowner has a high personal stake in the outcome of the commissar’s decision (a home buyer who dislikes condominiums will suffer if the housing commissar decides that this person will purchase and live in a condominium), but no home buyer is individually decisive in selecting which home to purchase. Each home buyer’s decision-making power is limited to voting for a specific candidate for housing commissar. Home buyers in such circumstances clearly are not very individually decisive in selecting their homes; indeed, each has but a negligible effect on the election outcome in any fair-size electorate. Therefore, despite each home buyer’s great personal stake in the commissar’s choice, none of them can significantly affect that choice, so none of them has incentive to gather as much information about available homes and to study and weigh their relative merits as each would if the decision of which home to purchase belonged to individual home buyers rather than to the housing commissar.

The southwest quadrant, which we call the realm of the *Dictator*, is in one sense the opposite of the *Voter*’s quadrant. Here we find decisions over which an individual decision maker is decisive, but which are of little personal consequence to the decision maker. In another sense, though, the *Voter*’s decisions are quite similar to the *Dictator*’s: both sorts of decision maker have little incentive to become adequately informed before making their choices.

As an example of a *Dictator*-type decision, consider again the hypothetical housing commissar charged with the exclusive responsibility of choosing which home each home buyer will purchase. From the commissar’s perspective, his choice of which house the Smiths will purchase is decisive. However, because the commissar has no personal stake in the outcome—he will not live in the home he selects—he has at most only very modest incentive to invest time and effort in making the choice that is best for the Smiths. He has weaker incentives to make a careful decision on behalf of the Smiths than the Smiths would have if the choice of which home to purchase were theirs alone. At worst, the housing commissar has no incentive to make a careful decision. In such cases, it would be no surprise if, rather than striving to suit the preferences of the people buying the homes, he either allocated houses randomly in order to reduce his workload or allocated houses to suit his personal fancies about how people should live.

Although there are no such housing commissars in the United States, this country does have government officials with decisive powers to choose what individual Americans can purchase. For example, decisions by the Food and Drug Administra-

tion (FDA) rest ultimately in the hands of a single person, the commissioner of food and drugs. Putting aside the remote possibility of override by the secretary of the Department of Health and Human Services or by Congress, this commissioner is individually decisive in determining which drugs, medical devices, and food additives may be purchased lawfully by hundreds of millions of Americans. For example, the decision of whether or not American consumers would be allowed to purchase foods containing the synthetic fat Olestra rested solely in the hands of Commissioner David Kessler. After much delay, in January 1996, Kessler approved the commercial use of Olestra. Even though the commissioner can choose decisively to keep a drug, medical device, or food additive off the market, the fact that he does not have the same personal stake in such decisions as do individual consumers means that he necessarily makes worse choices than a consumer would with the same set of information.<sup>4</sup>

In the southeast quadrant of figure 1, which we characterize as the domain of the *Disinterested Spectator*, are decisions over which a decision maker has neither decisive input into the outcome nor a personal stake in the outcome. The *Disinterested Spectator* has even less incentive to make informed decisions than do the *Voter* or the *Dictator*. Imagine yourself, for example, as a spectator at a baseball game. Suppose you are indifferent to the sport, care nothing about either of the teams, and have wagered nothing on the outcome. Because you have neither a personal stake in the outcome of the game nor any ability personally to choose the outcome, you will be an uninformed spectator. Devoting time and effort to learning about the opponents will have no personal payoff for you. You spend your scarce energies in other ways. Anyone asking your opinion of what's happening on the baseball diamond will receive an answer as uninformed as it is uninspired. At best, you might opine that the team with the prettier jerseys should win.

Only decision makers in situations similar to that of the *Shopper* have adequate incentives to inform themselves about available alternatives and to make decisions with appropriate care. In all three other quadrants, a critical element for responsible decision making is missing, and in the case of decision makers such as the *Disinterested Spectator*, both critical elements are missing. Thus, more generally, as we move along the axes weakening a decision maker's decisiveness or weakening his personal stake in the outcome, or as we move in both directions simultaneously (weakening his decisiveness *and* his personal stake), the shrewdness of his decisions will diminish. The

---

4. This is not to say that the commissioner has *no* personal stake in such matters. The commissioner may one day wish to purchase the product currently under FDA review. But even without this possibility, the commissioner's personal stake is real. It is, however, a political stake; it is not coterminous with consumers' stake in the availability of food and drug products. The commissioner's stake in the outcome of a decision to approve or disapprove a new medical or food product turns mainly on how that decision will play in the political arena. And precisely because voters are rationally ignorant about FDA review policies, there is little reason to suppose that the political consequences of an FDA decision will prompt the commissioner to make those decisions that are optimal from the standpoint of individual consumers. The FDA typically faces a much stronger political backlash for causing death or injury by approving a product prematurely than for causing death or injury by waiting too long to approve a product. Consequently, the approval takes longer than it otherwise would (Higgs 1994).



reason is that individuals who lack either the decisiveness or the personal stakes of our *Shopper* will make decisions with less information and less prudence than will the *Shopper*. The more closely decision situations resemble the decision situation of the *Shopper*, the more likely it is that the decisions will be taken with sufficient care and information; the further a decision situation is from the decision situation of the *Shopper*, the less likely it is that the decisions will be taken with sufficient care and information. When assessing the wisdom and soundness of a real-world decision, it is helpful first to classify that decision according to its appropriate location in figure 1.

### Private Choices are Unlikely to Be Distorted by False Consciousness

Our schema shows that the very kinds of choices that radical leftists believe to be susceptible to false consciousness—private, nonpolitical choices—are among those choices least likely to be perverted by false consciousness. Consider a woman who abandons a promising professional career in order to be a full-time housekeeper and mother—a classic example of someone allegedly stricken with false consciousness (Rosenfeld 1985, 924). Because this woman’s decision most closely resembles the choice situation of the *Shopper*, however, her decision in this context is unlikely to be distorted by false consciousness. The woman’s decision to continue or to quit her professional career is hers alone. That a woman making such a choice typically does so with the counsel (and sometimes—perhaps often—under the pressure) of her husband, family, and friends does not change the fact that the decision is ultimately hers *alone*. Individual women making such decisions are decisive in each of their cases. Moreover, because the personal consequences of a woman’s decision fall squarely upon her, she has strong incentives to acquire and weigh adequate information prudently before committing herself one way or the other. Women making such choices are best presumed to choose wisely and prudently, for in such choice situations they have powerful incentives to rid themselves of any false consciousness.

The same holds true for many of the other kinds of decisions radical leftists identify as distorted by false consciousness: for example, women’s choices to engage in heterosexual sex (Dworkin 1987);<sup>5</sup> fertile women’s agreements to serve as surrogate

---

5. Dworkin asserts that “[i]ntercourse is the pure, sterile, formal expression of men’s contempt for women” (1987, 21), and she portrays coitus as if it were emotionally and physically akin to soldiering in World War I trenches: “Sexual intercourse is . . . intense, often desperate. The internal landscape is violent upheaval, a wild and ultimately cruel disregard of human individuality, a brazen, high-strung wanting that is absolute and imperishable, not attached to personality, no respecter of boundaries; ending not in sexual climax but in a human tragedy of failed relationships, vengeful bitterness in an aftermath of sexual heat, personality corroded by too much endurance of undesired, habitual intercourse, conflict, a wearing away of vitality in the numbness finally of habit or compulsion or the loneliness of separation. The experience of fucking changes people, so that they are often lost to each other and slowly they are lost to human hope” (21).

mothers (Radin 1987, 1931);<sup>6</sup> infertile women's agreements to allow their husbands to artificially inseminate surrogate mothers (Radin 1987, 1931); workers' decisions to work for nonunionized firms (Estreicher 1994); and consumers' decisions to shop at malls, listen to Rush Limbaugh, or indulge deeply in popular commercial culture.<sup>7</sup> Each of these situations presents individuals with decisive choices over matters in which they have a strong personal stake. Decision makers in these circumstances are not plausibly victims of false consciousness.

Although conservatives do not use the term, they are not above using false-consciousness kinds of arguments. For example, conservatives who assert that consumers of pornography are making choices that will hurt their families and degrade their moral sensibilities are asserting, in effect, that false consciousness distorts those consumers' choices.<sup>8</sup> But because each person's choices in this realm are decisive, and because each person has a large personal stake in making the choices most suitable to him or her, there is every reason to suppose these choices are not distorted by false consciousness.

### **Conditions Favorable for False Consciousness: Majoritarian Voting**

Although false consciousness is unlikely to garble people's private decisions, it *is* likely to distort decisions made when decision makers' individual choices are not decisive or when decision makers have no personal stake in the matters being decided. Two prevalent decision situations of this kind are notable: majority-rule political elections and academic social criticism. Consider first how political settings incubate false consciousness.

Imagine that the make of car a person will drive is determined not by individual choice but instead by majority vote. Because any buyer's decision is unlikely to be decisive in a majority-rule setting (compared to the decisiveness of each such decision in a market setting), the value to a buyer of acquiring information about competing

---

6. Margaret Jane Radin asserts that surrogate mothers suffer a "kind of false consciousness" in feeling "called upon to produce children for others" (1987, 1931). Beverly Horsburgh insists that "[s]urrogacy is made possible because more privileged women oppress less fortunate women and one minority exploits another" (1993, 62). What these and many other writers on surrogacy mysteriously overlook is that women who contract to be surrogate mothers individually consent to be surrogate mothers; the "oppression" visited by privileged women upon surrogates is nothing more than the offer of a fee for service—a fee that each surrogate mother obviously finds attractive.

7. Radical-left criticisms of capitalist exchange relationships abound. For example, Karl Klare points out that "[t]here is a well-known theory that in advanced capitalist societies consumers' tastes are manipulated and managed by advertising, films, TV, and so on. . . . The idea is, in short, that much of people's concerns about the experience of fashion reflects false consciousness. . . . I think there is much to be said for these ideas" (1992, 1434). See also Radin 1987 and Schnably 1993.

8. That the radical left agrees with conservatives that pornography aficionados are plagued with false consciousness should make both parties wish to reconsider their arguments seriously.

makes of cars and of processing available information rationally is lower than it is when he alone decides which car to purchase. With more than a small handful of voters involved in the decision, the person who will pay for and drive the car chosen for him by popular vote has little incentive to learn about the pros and cons of the available makes of cars. The return of any investment of time in reading *Consumer Reports* or in test driving various models would be quite low. The upshot is that no voter in majority-rule settings—including that of the car buyer himself in this hypothetical example—has much incentive either to acquire adequate knowledge about the matters being voted upon or to think coherently through the matters at stake because no voter's vote will determine the outcome of the majority-rule election (Gwartney and Wagner 1988, 11–12). In the car situation, because the buyer's vote is unlikely to be decisive, and because the acquisition and processing of information are costly, any knowledge the buyer acquires about the relative merits of the available makes of cars will be useless to him, even though he has a large personal stake in the outcome of the decision process.

We must emphasize that the problem facing voters in this situation isn't simply that the context of democratic choice induces them to acquire less information about cars than they otherwise would, leading to democratic selection embodying suboptimal amounts of knowledge about cars. If the acquisition of knowledge were the primary problem facing voters here, the matter could be resolved simply. Voters could choose, for example, to delegate the decision to consultants hired for their expertise regarding matters automotive. Alternatively, they could turn to different groups of authorities and base their voting decisions on the advice given them by those they know and trust. For example, a die-hard environmental activist could acquire information from the Sierra Club, and a driving enthusiast could acquire information from the National Motorists' Association. Though acquiring information is costly, interested parties have every incentive to subsidize the production and dissemination of relevant information. Indeed, in the modern democratic election, the avoidance of information about rival ballot-box options seems more difficult than absorbing the glut of electoral information provided by candidates and interest groups. Arthur Lupia and Mathew McCubbins (1998) make a compelling case that ill-informed voters can successfully mimic the voting behavior of well-informed voters with similar interests. (Of course, this conclusion implies nothing about whether well-informed voters vote in rational ways.)

The more difficult problem is that when individual voters have only a negligible effect on voting outcomes but enjoy expressing their support for different alternatives, they have every incentive to indulge their private prejudices and irrationalities at the ballot box. For example, imagine that a person would derive one thousand dollars worth of net additional benefit from driving a large car with a hungry engine rather than a small car with an efficient but weak engine, and that our person enjoys one dollar's worth of benefit from expressing his support for environ-

mental concerns. If our driver has anything less than a one in one thousand chance of changing the outcome of the car vote, he will vote to ban big cars and mandate that everyone drive small, efficient cars.<sup>9</sup> Because the odds that a voter in a national election will cast the decisive ballot approach something in the order of one to one hundred million (Riker and Ordeshoof 1968), expressive aspects will always dominate in how he votes.

Majority-rule politics, then, is one setting in which economics predicts that false consciousness likely will persist. Because democratic electoral settings render individual votes indecisive, voters may persistently support government policies that have expressive appeal but that actually harm them.<sup>10</sup> Voters express their support for the working poor by voting for minimum-wage laws that drive more workers into unemployment; for endangered species by voting for legislation that encourages landowners to “shoot, shovel, and shut up”; for the disabled by voting for labor-market regulations that scare employers away from hiring them; for small family farmers by voting for measures that give corporate giants billions of dollars in annual subsidies; and for a host of other measures that appeal to popular sympathies but lead to perverse results. False consciousness permeates the democratic process.

Understanding the link between false consciousness and majority-voting environments lets us see that economic-minded scholars who criticize government programs are not necessarily being illogical when they claim that the people allegedly harmed by these policies also support them. For example, Ian Ayres is mistaken in his sweeping denial that a libertarian law-and-economics scholar such as Richard Epstein “cannot admit the possibility of false consciousness without destroying the analytical power of revealed preference theory and freedom of contract” (1994, 85). Ayres says that if civil rights legislation inflicts on blacks the harm that Epstein claims it inflicts, blacks would not support it. Because blacks generally support civil rights legislation, it follows for Ayres that an economic-minded scholar such as Epstein cannot logically argue that this legislation is detrimental on balance to the interests of blacks.

Ayres’s claim is mistaken. Although Ayres suggests correctly that economics counsels against explaining *contractual* choices as distorted by false consciousness, he wrongly suggests that false consciousness (by whatever name) can play no legitimate role in law-and-economic analysis. The absence of individual decisiveness in collective decision-making settings strips away any evidentiary reliability that black people’s sup-

---

9. For a general analysis of the consequences of the indecisiveness of individual voters in majority-rule settings, see Brennan and Lomasky 1993, Caplan 2001b, and DeBow and Lee 1988.

10. Some economists believe that limits on human cognition and reason are so mild that rational ignorance is not much of a problem in voting contexts. See Wittman 1995. For criticism of Wittman’s highly optimistic opinion of human rationality, see Boudreaux 1996 and Buchanan 1996. Caplan (2001a) argues that Wittman fails to address the central problem of democratic choice—namely, that voters have no incentive at the ballot box to choose serious deliberation of the issues over ill-considered support for notions with expressive appeal.

port for civil rights legislation would have otherwise. Their support for civil rights legislation is not evidence against Epstein's argument that such legislation does more harm than good to blacks.

The distortions endemic to collective decision making are a reason why many economists, in particular those of the public-choice school specializing in analysis of political institutions, are skeptical of efforts to solve problems through political processes. Far from being a forum in which ordinary citizens can confidently seek liberation from brutal bourgeois oppression, political institutions are likely to breed uninformed, capricious, and inconsistent decisions and results because most voters in modern democracies make their voting decisions in choice situations like those found in the *Voter* quadrant of our figure 1. (Moreover, when political representatives and administrators exercise their authority, although they often are decisive, they seldom have personal stakes in the outcomes of most of their decisions. Therefore, government officials often find themselves in the decision situation characterized by the *Dictator*.) It is hardly to be expected that such a decision-making procedure will generate informed, thoughtful decision makers and optimal outcomes.

Before moving on, we should point out a frequent inconsistency in conservative analysis. Many of the same conservatives who recognize that government regulation of economic activity often reflects nothing more than socially dysfunctional interest-group politics simultaneously regard majoritarian regulations of moral matters—for example, regulation of sexual conduct, abortion, pornography, and gambling—as expressing the community's moral consensus with sufficient accuracy. Majoritarian-imposed restrictions of the kinds that conservatives tend to support, however, are as likely to reflect uninformed and irresponsible decision making as are economic regulations. A voter confronted with the choice of voting, say, for or against a ballot initiative to prohibit abortion makes a decision outside of the contexts normally conducive to good decision making. His vote will not decide the outcome of the election, and he is expressing his opinion on matters that have deep personal impact on others but may have very little personal impact on him.

### **Conditions Favorable to False Consciousness: Academic Social Criticism**

For much the same reason that political decision makers will be too poorly informed to make socially optimal decisions—that is, for much the same reason that political decision makers are likely to suffer false consciousness—academics in their roles as social critics will be inadequately informed when criticizing private choices and when offering public-policy proposals. Like an individual voter, an individual academic has neither a decisive input into the choice of social policies nor a direct personal stake in the outcomes of most public-policy decisions. Academics who diagnose what they perceive to be pathologies in existing political and

social ideologies, and who prescribe cures for these alleged maladies, have neither a decisive input nor a direct personal stake in the outcomes of whatever cures they propose. Among such academics, a favorite “cure” for alleged pathological ideologies is “consciousness raising.” Consider, for example, Mari Matsuda’s definition of the term: “By ‘consciousness-raising,’ I mean a collective practice of searching for self-knowledge through close examination of our own circumstances, in conjunction with organized movements to end existing conditions of domination” (1990, 1778–79).

Such calls for consciousness raising typically overlook the fact that most people whose consciousness allegedly requires raising (according to academics) are people whose consciousness really does not need raising, for nothing raises the consciousness of a decision maker more dependably than making decisive choices about matters in which he has a direct personal stake. Moreover, academics as social critics are unlikely to raise (though they may lower) the consciousness of those who succumb to consciousness-raising sessions—particularly if such consciousness raising takes place in organized movements. The leaders of organized movements have little personal stake in appropriately adjusting the consciousness of those allegedly in need of consciousness raising. In short, academics as social critics reside in the same decision-making situation as our *Disinterested Spectator*. The social critic has negligible effects on actual public policy and generally has little at stake in whatever matter he happens to be discussing. Hence, academic social criticisms and policy proposals will likely be distorted by misinformation, whimsy, and intellectual arrogance.<sup>11</sup> Therefore, we should treat academics’ social criticisms and policy proposals skeptically, especially when they are aimed at institutions formed by the decisive choices of individuals who have a substantial personal stake in making sound decisions.<sup>12</sup>

Consider, for example, Peter Singer’s (1993) proposal that people in the developed world donate the vast bulk of their incomes to people in the developing world. According to Singer, any income earned beyond that necessary for subsistence should be used to save lives in the developing world rather than to buy nicer cars or satellite TVs in suburban America. Although he would prefer that the governments of developed nations enact a redistribution mechanism to ensure that everyone comply with his proposal, he recognizes that such an option would be politically infeasible (1993,

---

11. We recognize that at this point some readers may say, “Aha! Are you not hoist with your own petard? Clearly you also are in such a position!” We are not oblivious to the fact that as authors of this piece of social criticism, we are not immune to our own critique. We feel confident, however, that we stand on firmer ground than those we are criticizing. We encourage the reader to evaluate critically both our arguments and those of the theorists with whom we take issue.

12. Boudreaux (2001) argues that the “simplistic” answer to public-policy problems—let the market decide—actually constitutes an admission that an author does not know what the problem’s optimal solution will be. The market mechanism is then trusted to allow individuals to search for the best solution. Great hubris is implicit in the recommendations of academics seeking to impose a solution other than that which the market participants would determine if left to their own devices.



241). So, instead, he urges Americans to keep the first thirty thousand dollars they earn each year, but to donate all additional money to charities for developing nations. Singer justifies his proposal by arguing that no use of earned income above subsistence can be of greater moral consequence than saving the lives of the poor abroad. Nowhere, though, does he seriously consider the drawback of his proposal—namely, the easily predicted incentive effects of a marginal tax rate of 100 percent on all income earned above thirty thousand dollars.

Singer's proposal does not seem likely to help the poor in the developing world, but it would significantly hurt those living in the developed world. Consider his most-preferred solution of government-enforced redistribution. The economic consequences of a 100 percent effective marginal tax rate are reasonably well known. People substitute leisure for labor. With the drop in U.S. gross domestic product (GDP) would come a massive decrease both in voluntary contributions by Americans to charity and in imports of goods produced by the foreign poor. Industries in the developing world that depend on selling products to American consumers would need to lay off workers, further worsening the condition of the poor in those countries. Conceivably, the drop in U.S. GDP might be prevented by government directives ensuring that people work at least as much as they did prior to the tax increase. In his work on animal rights, Singer (1990) condemns those who reduce animals to a state akin to slavery, but most people would correctly describe as slavery a situation in which individuals are compelled to work primarily for the benefit of others.

Singer introduces a caveat into his work: “we have no obligation to make sacrifices that, to the best of our knowledge, have no prospect of reducing poverty in the long run” (1993, 241). The growing consensus in development economics is that foreign aid has not benefited the world's poorest people. Rather, as Peter Bauer argues convincingly, such aid has served to prop up kleptocratic regimes. It provides “an excellent method for transferring money from poor people in rich countries to rich people in poor countries” (“A Voice” 2002, 76) but does remarkably little to benefit those whom Singer wishes to help.<sup>13</sup> Peter Margulies is no doubt wise to warn of “theorists conveniently spared from living the consequences of their theories” (1994, 715). As a theorist in the role of the *Disinterested Spectator*, Singer has no incentive to learn that his policy prescriptions would actually hurt those whom he wishes to help.

Singer makes his proposal knowing that he will play no decisive role in changing public policy on this score. For that reason alone, we are justified in doubting his opinion that government should redistribute all wealth not necessary for subsistence. Because Singer proposes to interfere with private, individual choices, the case for skepticism grows. In effect, he proposes that a policy dreamed up by a decision maker

---

13. For more-penetrating analysis of the types of policies that we think *would* help the developing world, consult Bauer 1991 and de Soto 1989, 2000.

facing the incentives of the *Disinterested Spectator* (himself) supplant choices adopted voluntarily by decision makers facing the more beneficent incentives of the *Shopper*.<sup>14</sup>

Because Singer knows that his opinions will not be decisive in shifting government policy, he hectors those of us who earn more than thirty thousand dollars per year to choose to donate all excess income to charity. He exemplifies a professor enamored with the notion that individual, voluntary choices can be improved by adoption of his pet prescription.<sup>15</sup> Of course, a professor might be very learned, intelligent, and rigorous in his thinking, and he might subject that thinking to the searching criticism of fellow academics. He probably will even revise his proposal in the light of the many comments readers share with him. Nevertheless, his proposal remains the product of someone with no decisive choice in determining policy and no personal stake in the outcome of the vast majority of decisions that his proposal aims to modify.<sup>16</sup>

One genuine test of the wisdom of the professor's policy proposal would be to see if this professor would actually adopt it for himself if he were in a decisive position to do so. It happens that academics in their private lives can easily adopt the many policy proposals offered by their fellow academics. We can certainly inquire whether Singer lives on thirty thousand dollars per year. It turns out that although he does give more to charity than most people, he has failed to follow his own dictum. He claims to give only 20 percent of his income to charity. *Reason* magazine also reports that he maintains a Manhattan apartment in addition to his house in Princeton and draws income from a tenured position at Princeton University (some one hundred thousand dollars per year), from a trust fund granted him by his father, and from book royalties. Either Singer is a hypocrite or his standard for "subsistence living" is one well beyond the means of most Americans. As Ronald Bailey points out, "There is some question as to how seriously one should take the dictates of a person who himself cannot live up to them. If he finds it impossible to follow his own rules, perhaps that means that he should reconsider his conclusions" (2000, 29).

Proper humility and respect for other people's preferences and intelligence should admonish academics to put aside their pretensions of being well positioned

---

14. The casualness with which many academic social critics propose interference with the private choices of decisive, high-stakes decision makers is often astounding. Consider, for example, Barbara Kopytoff, who opposes surrogate-mother contracts because such contracts cause her "unease" (1994, 602).

15. Speaking as someone who has spent his entire adult life in the idea business, Boudreaux can attest personally that the typical academic idea is held in much higher esteem by its originator than by his or her professional colleagues (Boudreaux's own ideas are no exception). Being human, academics treat their ideas much as parents treat their children: favorably. Some children, of course, really are exceptional and become especially well liked by many people outside of their families. Most children, however, being ordinary, are thought of much more highly by their own parents than by others, even though each parent might fancy that his or her child holds a special place in the hearts of all the neighbors. So it is with ideas: some are indeed special and become "adopted," loved, and admired by multitudes. Most ideas, however, are ordinary and bland—capable of being loved only by their parents—but those who originate even the most ordinary of ideas are partial to those ideas and are unwilling to accept the truth that they are nothing special.

16. Note that those who comment on and criticize the professor's proposal are themselves not in the decision-making position of the *Shopper*, and hence they have less than sufficient incentives to get matters right.

and well motivated to improve the lives of decisive, high-stake decision makers. Unfortunately, Singer is but the most prominent of recent social critics. Other examples abound. Consider Margaret Jane Radin's (1982) proposal to give all well-behaved tenants the right to renew their leases unilaterally, regardless of the terms of the leases. Although she justifies her proposal with much fine talk of sanctuaries "needed for personhood" and of a home being a "moral nexus," nowhere does she consider seriously the ill effect of her proposal—namely, the inevitable decrease in the supply (and the rise in price) of rental property. Tenants already have the right to negotiate with their landlords for the option of unilateral renewal; that private, decisive agents do not choose to do so suggests that the policy is not worth pursuing.

Judges and legislators, of course, should be guided by a fitting sense of humility and respect for others. Robert Cooter (1994) argues that law should respect social customs that do not impose significant costs on nonmembers of the groups within which those social customs develop. He contends that "[t]hose norms should be enforced that arise from an efficient incentive structure" and that impose no substantial harms on third parties (446).

Academics, of course, do have valuable roles to play. First, and most obviously, they are paid to challenge students to think more deeply, to communicate more clearly, and to conduct research. Second, they themselves are in the business of thinking great thoughts and pushing out the frontiers of knowledge with their own positive research. Third, they are often well-equipped to explain to laymen the contours of their own disciplines. None of these roles necessitates scolding decisive decision makers with high personal stakes when they make what some academics consider to be poor choices.

Although a discussion of the institutional structure of modern higher education lies beyond the scope of this article, a plausible case can be made that taxpayer financing combined with faculty tenure shapes college faculty into decision makers who are thoroughly entrenched in the role of the *Disinterested Spectator*. Poor teaching and useless research have only mild and incidental consequences for most faculty members. Thus, faculty are given a very loose rein—and generous expense accounts—to comment on a large variety of matters of no particular concern to them and on which no single academic exercises a decisive input. So few academics have decisive input into the matters on which they comment that the results of turning loose on society a multitude of academics with criticisms developed in dubious decision-making circumstances might be tolerable were it not for one fact: ideas *do* have consequences (Keynes 1936, 383). If most of those responsible for producing ideas occupy individually the position of the *Disinterested Spectator* with respect to the ideas they produce, then an overly large proportion of ill-considered ideas is produced. Many of these ideas influence the development of political ideologies. As the offspring of irresponsible idea creation, these ideologies can then inflict great harm on society through the operation of democratic voting. Thus, the ideas developed and propounded by academics and other social critics with the incentives of the *Disinterested Spectator* might

well create a false consciousness in democratic voters—a false consciousness that, if translated into government policy, impoverishes citizens and peels away their liberties.

Although individuals are unlikely to be afflicted with false consciousness in their private, decisive decision-making capacities as *Shoppers*, they are susceptible to false consciousness when they make decisions as *Voters*. Although knowledge and wisdom gleaned from private life go far toward sculpting a voter's ideology, a complex world marked as ours is by a vast division of labor cannot be understood through direct observation alone. Ideology is necessary to give each voter some sense of the socially and politically appropriate. The ideas of intellectuals—received either in a direct way or as filtered through the popular media—combine with people's daily experiences to form public ideology. If the ideas that help to form this ideology are baseless or corrupt, then the ideology itself will be a poor guide to social reality. Being poorly guided by these ideas, voters are more likely to support policies that actually harm them. Even well-meaning voters have weak incentives to acquire “correct” political ideologies because their votes are indecisive and cast to deal with many matters of no direct concern to them. Popular ideology helps to determine whether voters earn approbation or admonishment for expressing support for particular policies, and expressive voting determines electoral outcomes. Thus, one of the main engines of idea formation in modern society—academia—generates an excessively large number of ill-considered ideas, and people as voters have inadequate incentives to avoid being influenced by such ideas—ideas that we quite appropriately identify as a source of genuine false consciousness.

## Conclusion

The theory of false consciousness explains very little about the decision-making process of individuals making choices in their everyday lives—whether to buy a Chevy or a Geo, whether to marry Jane or Judy, whether to take a job and enjoy life or to work toward the violent overthrow of oppressive class structures and the capitalist system. As we have argued, an individual can be expected reliably to make careful decisions in these types of cases not only because he can expect rather different amounts of happiness to flow from the different alternatives, but also because he is decisive in choosing between the alternatives.

On the other hand, the theory of false consciousness does greatly enhance our understanding of the opinions of voters at the ballot box and of academics as social critics. The radical left uses the theory of false consciousness to argue that the vanguard of the class conscious and enlightened—themselves, naturally—must lead the masses to a utopia in which collective decisions replace private choices. We have shown that the most likely victims of false consciousness are instead the social critics themselves and that the purportedly oppressed masses would do better by paying no heed to those critics. By ignoring the social critics, individuals have nothing to lose but the chains of false models of the workings of the world around them.

## References

- Abrams, Kathryn. 1990. Ideology and Women's Choices. *Georgia Law Review* 24: 761–801.
- Ayres, Ian. 1994. Alternative Grounds: Epstein's Discrimination Analysis in Other Market Settings. *San Diego Law Review* 31: 67–87.
- Bailey, Ronald. 2000. The Pursuit of Happiness. *Reason* (December): 29–35.
- Balkin, J. M. 1995. Populism and Progressivism as Constitutional Categories. *Yale Law Journal* 104: 1935–90.
- Bauer, Peter T. 1991. *The Development Frontier: Essays in Applied Economics*. Cambridge, Mass.: Harvard University Press.
- Boudreaux, Donald J. 1996. Was Your High School Civics Teacher Right After All? *The Independent Review* 1: 111–28.
- . 2001. Simplistic Answers. *Ideas on Liberty* 54: 54–55.
- Brennan, Geoffrey, and Loren Lomasky. 1993. *Democracy and Decision*. New York: Cambridge University Press.
- Buchanan, James M. 1996. The Best of All Possible Worlds? *Times Literary Supplement* (January 26): 13.
- Caplan, Bryan. 2001a. Rational Ignorance versus Rational Irrationality. *Kyklos* 54, no. 1: 3–26.
- . 2001b. Rational Irrationality and the Microfoundations of Political Failure. *Public Choice* 107, nos. 3–4: 311–31.
- Cooter, Robert D. 1994. Decentralized Law for a Complex Economy. *Southwestern University Law Review* 23: 443–51.
- DeBow, Michael E., and Dwight R. Lee. 1988. Understanding (and Misunderstanding) Public Choice: A Response to Farber and Frickey. *Texas Law Review* 66: 993–1012.
- Delgado, Richard. 1993. Rodrigo's Sixth Chronicle: Intersections, Essences, and the Dilemma of Social Reform. *New York University Law Review* 68: 639–74.
- De Soto, Hernando. 1989. *The Other Path: The Invisible Revolution in the Third World*. London: Taurus.
- . 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic.
- Dworkin, Andrea. 1987. *Intercourse*. New York: Free Press.
- Epstein, Richard A. 1993. Legal Education and the Politics of Exclusion. *Stanford Law Review* 45: 1607–26.
- Estreicher, Samuel. 1994. Employee Involvement and the “Company Union” Prohibition: The Case for Partial Repeal of Section 8(A)(2) of the NLRA. *New York University Law Review* 69: 125–61.
- Gwartney, James D., and Richard E. Wagner. 1988. Public Choice and the Conduct of Representative Government. In *Public Choice and Constitutional Economics*, edited by James D. Gwartney and Richard E. Wagner, 3–28. Greenwich, Conn.: JAI Press.
- Heiner, Ronald. 1983. The Origin of Predictable Behavior. *American Economic Review* 73: 560–95.

- Higgs, Robert. 1994. Banning a Risky Product Cannot Improve Any Consumer's Welfare (Properly Understood), with Applications to FDA Testing Requirements. *Review of Austrian Economics* 7: 3–20.
- Horsburgh, Beverly. 1993. Jewish Women, Black Women: Guarding Against the Oppression of Surrogacy. *Berkeley Women's Law Journal* 8: 29–62.
- Keynes, John Maynard. 1936. *The General Theory of Employment, Interest, and Money*. New York: Harcourt Brace.
- Kim, Nancy. 1993. Toward a Feminist Theory of Human Rights: Straddling the Fence Between Western Imperialism and Uncritical Absolutism. *Columbia Human Rights Law Review* 25: 49–105.
- Klare, Karl E. 1992. Power/Dressing: Regulation of Employee Appearance. *New England Law Review* 26: 1395–451.
- Kopytoff, Barbara. 1994. Explorations in the Law of Surrogacy. *University of San Francisco Law Review* 28: 593–602.
- Lupia, Arthur, and Mathew D. McCubbins. 1998. *The Democratic Dilemma: Can Citizens Learn What They Need to Know?* New York: Cambridge University Press.
- MacKinnon, Catherine. 1987. *Feminism Unmodified*. Cambridge, Mass.: Harvard University Press.
- Margulies, Peter. 1994. The Mother with Poor Judgment and Other Tales of the Unexpected: A Civil Republican View of Difference and Clinical Legal Education. *Northwestern University Law Review* 88: 695–732.
- Matsuda, Mari J. 1990. Pragmatism Modified and the False Consciousness Problem. *Southern California Law Review* 63: 1763–82.
- Posner, Richard A. 1992. *Economic Analysis of Law*. 4th ed. Boston: Little, Brown.
- Radin, Margaret Jane. 1982. Property and Personhood. *Stanford Law Review* 34: 957–1015.
- . 1987. Market-Inalienability. *Harvard Law Review* 100: 1849–937.
- Riker, William H., and Peter C. Ordeshook. 1968. A Theory of the Calculus of Voting. *American Political Science Review* 62: 25–42.
- Rosenfeld, Michel. 1985. Affirmative Action, Justice, and Equalities: A Philosophical and Constitutional Appraisal. *Ohio State Law Journal* 46: 845–924.
- Schnably, Stephen J. 1993. Property and Pragmatism: A Critique of Radin's Theory of Property and Personhood. *Stanford Law Review* 45: 347–407.
- Silberberg, Eugene. 1995. *Microeconomics*. New York: Prentice Hall.
- Singer, Peter. 1990. *Animal Liberation*. New York: New York Review of Books.
- . 1993. *Practical Ethics*. Cambridge, U.K.: Cambridge University Press.
- Stigler, George J. 1961. The Economics of Information. *Journal of Political Economy* 69: 213–25.
- Strossen, Nadine. 1993. A Feminist Critique of "the" Feminist Critique of Pornography. *Virginia Law Review* 79: 1099–190.
- A Voice for the Poor. 2002. *The Economist* 363 (May 4): 76.
- Wittman, Donald. 1995. *The Myth of Democratic Failure*. Chicago: University of Chicago Press.

**Acknowledgments:** Karol Boudreaux, Bryan Caplan, Ken Elzinga, Jim Lark, Dwight Lee, Hugh Macaulay, Jennifer Roback Morse, Adam Pritchard, Andy Rutten, and Todd Zywicki offered penetrating comments on an earlier draft.