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The Impact of the Irrelevant on Decision-Making

By ROBERT H. FRANK

TEXTBOOK economic models assume that people are well informed about all the options they're considering. It's an absurd claim, of course, as most economists are well aware.

Even so, when people confront opportunities to improve their position, they're generally quick to seize them. When energy prices rise sharply, for instance, consumers are quick to adjust their thermostats. So most economists are content with a slightly weaker assumption: that people respond in approximately rational ways to the information available to them.

But behavioral research now challenges even that more limited claim. For example, even patently false or irrelevant information often affects choices in significant ways.

Consider the people who set their watches a few minutes ahead, to prod themselves to arrive at appointments on time. When asked what time it is, they effortlessly perform the required subtraction before answering. So, in one sense, the false image on the watch face doesn’t fool them at all.

But that same image is fed into their brains through multiple neural pathways. Some lead to the circuits that do the subtraction. But others lead directly to emotional circuits, which react to the image at face value. The resulting anxiety is why the practice works.

An intriguing example of transparently irrelevant information that affects behavior comes from a 1974 report on an experiment by the psychologists Daniel Kahneman and Amos Tversky. In the experiment, subjects first spun a wheel that supposedly would stop at random on any number between 1 and 100. Then they were asked what percentage of African countries belongs to the United Nations. For one group of subjects, the wheel was rigged to stop on 10; for a second group, on 65. On average, the first group guessed that 25 percent belong to the United Nations, but the second group guessed 45 percent.

All subjects would have insisted, correctly, that the number on the wheel bore no relation to the correct answer to the question. Yet, obviously, the number profoundly influenced their responses.

In short, even demonstrably false or irrelevant information can influence judgments, which in turn influence decisions. In such cases, Professors Tversky and Kahneman wrote in 1981, “the adoption of a decision frame is an ethically significant act.”

Policy makers have long recognized the potential danger of false statements by advertisers. But in the belief that most adults are suitably skeptical about promotional puffery, Congress has tried to prohibit only the most blatantly false or explicitly misleading claims.

But what about merely irrelevant statements, or only implicitly misleading ones? Standard economic models say such claims are, well, irrelevant, so there should be no need to regulate them. But according to recent behavioral research, it’s a distinction without a difference.

Although cigarette advertisements, for example, typically portray smokers as young, healthy and attractive, smoking can make people look older and less healthy. Such ads make no explicitly false claims, but that doesn’t make them less misleading, even for informed consumers.

More troubling are instances in which politicians employ patently false statements to shift the terms of important public debates. Decades before President George W. Bush tried to privatize Social Security, for example, Democratic presidential candidates regularly frightened Florida seniors with groundless accusations that their opponents would gut the program.

Of course, politicians of both parties have long taken liberties with the truth. But as even conservative political commentators have begun to point out, Republicans have lately been far more aggressive in stretching traditional boundaries. When Sarah Palin said that if health care reform legislation were adopted, her parents and her child with Down syndrome "will have to stand in front of Obama's 'death panel' so his bureaucrats can decide, based on a subjective judgment of their 'level of productivity in society,' whether they are worthy of health care," most people probably realized the president had made no such proposal. Her statement nonetheless shifted the terms of the debate, making it harder for legislators to focus on genuinely relevant issues.

CAN anything be done? For a variety of practical reasons, legal sanctions promise little protection against blatantly false statements. It is helpful, to be sure, when journalists call out politicians who stray too far from the truth. But merely knowing that a statement is false doesn't nullify its impact. To be effective, a remedy must act prospectively. It must discourage people from making false statements in the first place.

Economists have long recognized that social sanctions are often an effective alternative to legal and regulatory remedies. As Adam Smith argued, moral sentiments are extremely powerful drivers of human behavior. People who know they'll be ridiculed for telling untruths are more likely to show restraint.

Some social sanctions are less effective than others. In recent years, the most conspicuous public falsehoods have been ridiculed by independent bloggers and Comedy Central's faux news hosts. But television and Internet audiences are highly segmented. Many of Jon Stewart's targets may never hear his riffs about them, or may even view them as badges of honor.

That's why it's important for the circle of critics to widen — and why we need to remember that framing a discussion appropriately is "an ethically significant act."

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