

The Fragility of Truth: Disinformation and Democracy in the Digital Age

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An implosion of trust

- **In 2016 alone, incumbent party or elected leader in 5 of top 10 global economies is deposed or defeated** (US, UK, Brazil, Italy, S. Korea).
- **UK votes to exit the EU.**
- **Populists leading or gaining** in France, Germany, Austria, Poland, Hungary, Turkey.
- **Minority and/or anti-establishment governments** in many countries
- **Panama Papers** revealed **tax evasion on a global scale** by both business and government officials.
- **Mainstream media** continues to **lose** audiences, advertisers, and revenue. Dramatic decline in advertising revenue.

The attack on truth telling institutions

- The media: Global rise of **fake news**, disinformation and propaganda campaigns.
- The judiciary
- The intelligence agencies
- The administrative state
- Research and education institutions

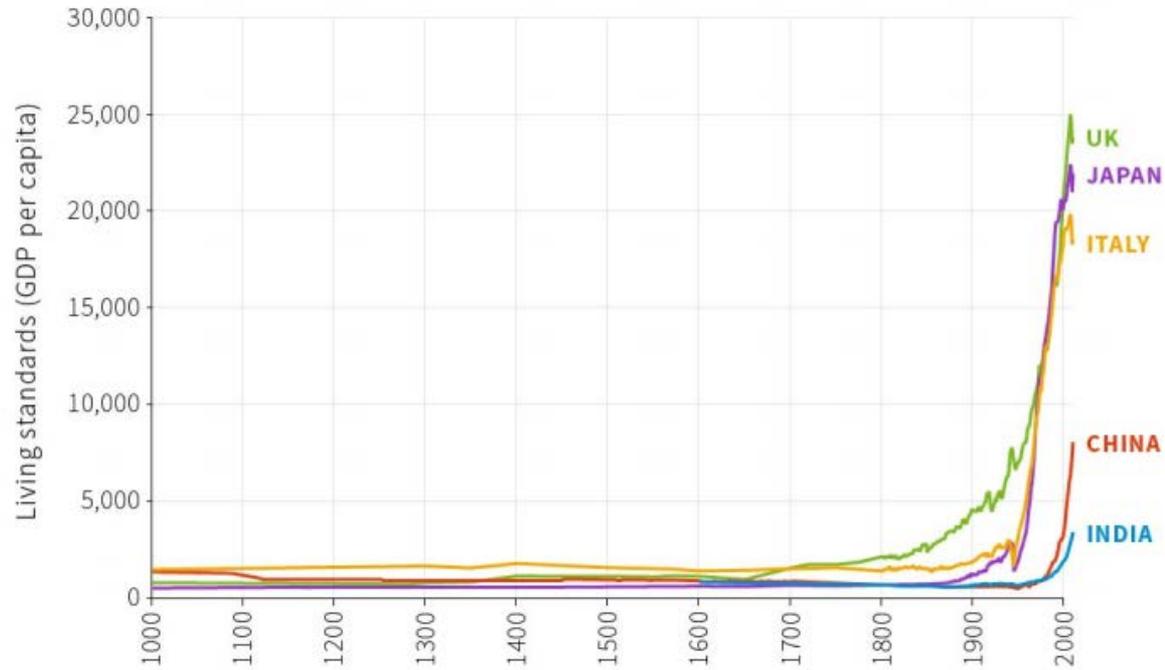
Why is this important?

- Information important for well functioning of society/economy
 - Asymmetric information can lead to exploitation, corruption
 - Transparency is name in political life to “good information”/absence of information asymmetries
- Possibilities of exploiting asymmetric information leads to incentives to create asymmetric information
 - Taking actions which would impede transmission of information and create poorer information
- New issue: providing disinformation and malinformation
 - And destroying institutions for assessing truth and context

Broader perspective

- Enlightenment basis of advances in our society
 - Notion of progress
 - Notion of reason/rational
 - Scientific method—trust with verification
 - Science can't survive if there isn't a common understanding of the truth
 - But neither can democracy/notions of “due process”
- Main dangers of Trump and similar demagogues elsewhere
 - “epistemology”: what they are doing to undermine our institutions, including our institutions of science and ascertaining the truth

Historical living standards



Source: INET

Real wages of London craftsmen, 1200-2000

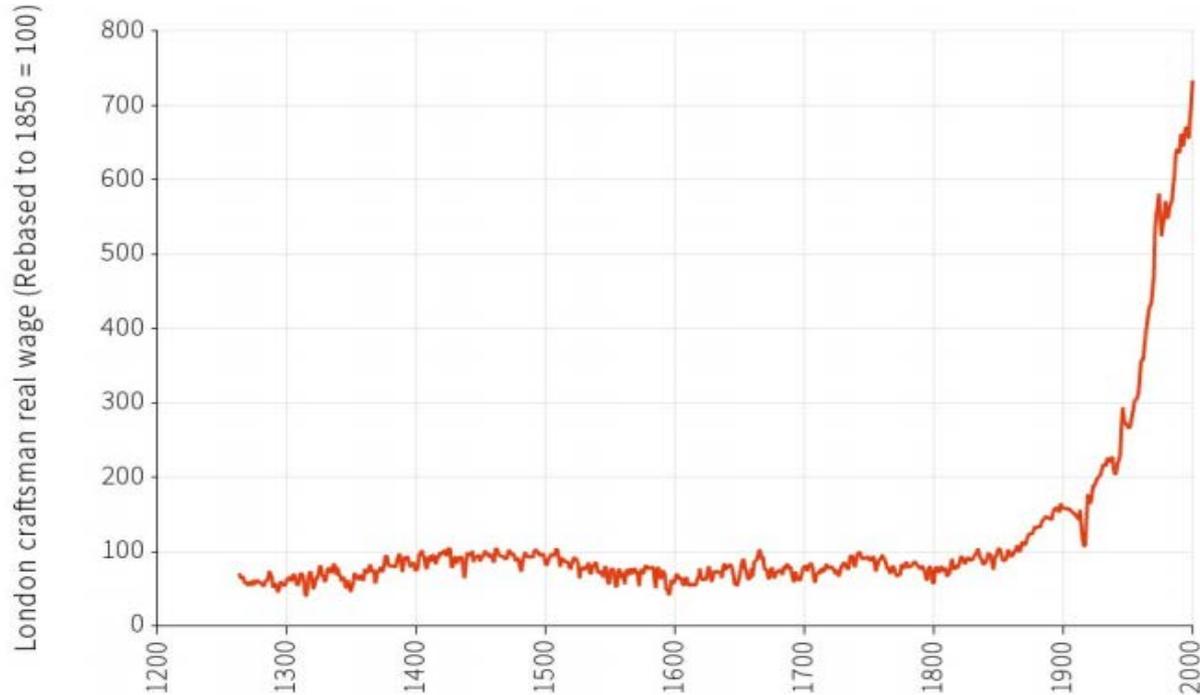
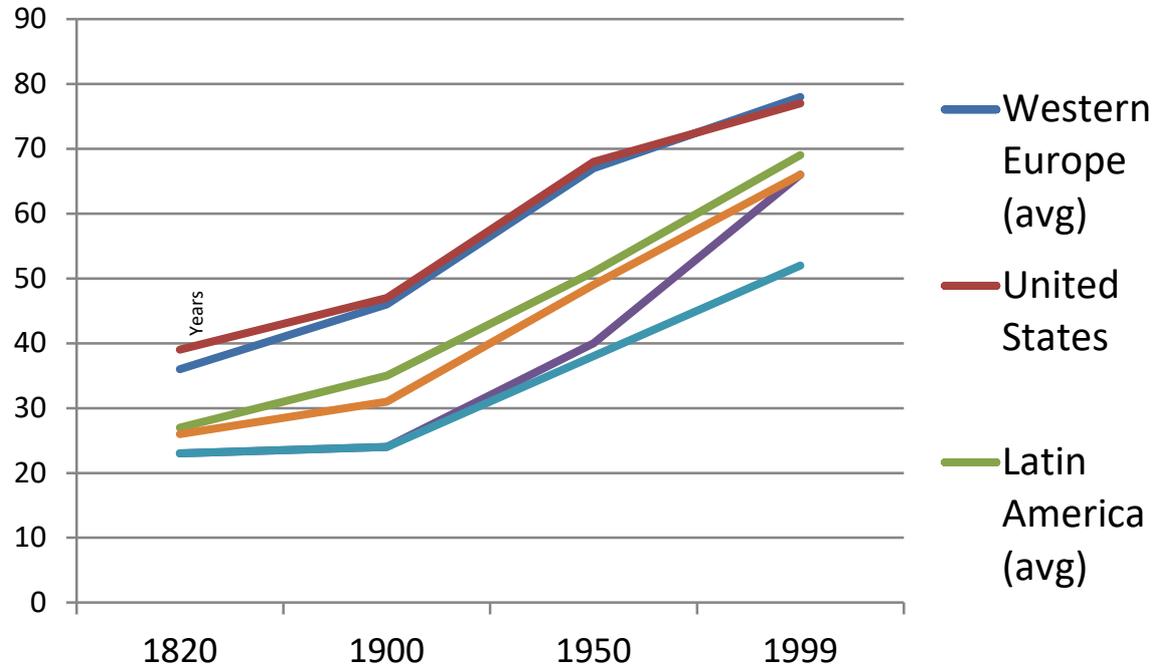


Figure 3. Real wages over seven centuries: craftsman (skilled worker) in London (1264-2001).

Source: INET

Improvements in life expectancy since 1820



Data are estimates from A. Maddison, 2001, "The World Economy: A Millennial Perspective," OECD.

New age of uncertainty

- Challenge: Mis/disinformation makes it **all the more difficult** to establish **what truth is**.
- Proliferation of fake news and alternative truths often creates information overload that complicates one's search for a personal and social platform.
- A new, more **fragile relationship** between **truth** and **politics**.
- A new age of “**epistemic insecurity**”: To act on a fact, how much confidence do we need to have that this fact is correct? What scale to use?

What to do about it?

Understanding Incentives for disinformation

- Corporations attempting to sell more (but not always fraud)
- Electoral politics
 - Especially strong incentives when there can be corruption
- International politics

What to do about it?

Understand **mechanisms** by which effects are felt

- Herding/social media
- Exploiting consumer irrationalities (behavioral economics)
- Undermining trust in institutions
- Undermining truth (shed doubt)

Examples of actions: Supply-side measures

Key challenge: taking actions to “improve market” while preserving human rights

Similar actions taken by authoritarian governments to suppress dissent

- Delay: hinders herding, time for verification
- Disclosure: who has purchased ads (providing insights into incentives)
- Create verification institutions—and attach verifications to messages
- Restrictions of hate speech
- Other restrictions
 - Restrictions on targeting or allowing advantages in targeting —knowledge has to be put into public space
- Liability for platforms
- Greater public support for “truth” institutions and for dissemination of information (public broadcasting)
 - Creating a larger public space

Actions: demand measures

- Improving ability of users to discriminate (media literacy)
 - Limited efficacy
 - Likely to be more successful with increase in overall literacy
- Key problem: those engaged in disinformation understand well human psychology, irrationalities

This is a key issue

- Which goes to the heart of our society, our democracy, and our economy
 - Easy to imagine nightmare scenarios where matters get much worse
- There will be no easy solutions