Why Do People Prefer the Government Do It?

“People do not love markets,” says Pascal Boyer of the International Cognition & Culture Institute, “there is a lot of evidence for that.” Sadly, Boyer is right and I suspect he’s right about the cause too: People do not like markets because people seem not to understand much about market economics.

We don’t fully understand this antipathy, Boyer notes, because there hasn’t been much research on folk-economics, a study of “what makes people’s economic modules tick.” But I think Boyer has identified one of the key reasons people tend to prefer government interventions to market-driven solutions:

> [H]umans may be motivated to place their trust in processes that are (or at least seem to be) driven by agents rather than impersonal factors. This may be why there is a strong correlation between being scared of markets and being in favor of state interventions in the economy. One of the most widespread political assumptions in modern industrial societies is that “the government should do something about X”, where X can be any social or economic problem. Why do people trust the state? The state (in people’s intuitions, not in actual fact) has all the trappings of an agent. It is supposed to have knowledge, memories, intentions, strategies, etc. Now it may be that people are vastly more comfortable trusting an agent to provide help or impose sanctions, than they would trust an impersonal, distributed and largely invisible process. That would be mostly a question of intuitive psychology (highly salient in our reasonings about social processes) versus population thinking (highly unintuitive, difficult to acquire and engage in without sustained effort).

While free-market conservatives and libertarians may not be as susceptible to this bias, we are partially responsible for its ubiquity. For example, we often talk—or allow others to talk—as if the president is the CEO of the American economy. While the POTUS can certainly have a significant (often negative) influence on the economy, the office has very little direct control over the economy. Yet many people truly believe that the president could "fix" the economy if only he had the will/knowledge/desire to do so.

Because we tend to have political reasons for perpetuating this myth, we often allow this belief to persist without challenge. But if we want to effectively champion the effectiveness of free enterprise, we need to find a way to make people realize that government is not a sentient creature that can make beneficent economic decisions on our behalf. {eoa}

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