

WHY DELIBERATIVE DEMOCRACY IS (STILL) UNTENABLE

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I. THE PROBLEM OF WIDESPREAD INCOMPETENCE REVISITED

The term “deliberative democracy” denotes a family of views united by the idea that social deliberation is central to democratic decision making.¹ While there is, undoubtedly, something inherently appealing about the idea of a deliberating public, a common objection to deliberative democracy builds upon the fact that the majority of the public is likely to be incompetent with respect to the issues of relevance to governance.² Consider, for example, the following findings, due to Michael Carpini and Scott Keeter:

Only 13 percent of the more than 2,000 political questions examined could be answered correctly by 75 percent or more of those asked, and only 41 percent could be answered by more than half the public. Many of the facts known by relatively small percentages of the public seem critical to understanding—let alone effectively acting in—the political world: fundamental rules of the game; classic civil liberties; key concepts of political economy; the names of key representatives; many important policy positions of presidential candidates or the political parties; basic social indicators and significant public policies. (Carpini and Keeter 1996, pp. 101–102)

In what Jeffrey Friedman describes as an “ocean of findings about political ignorance” (2005, p. x), results such as these constitute the norm rather than the exception, at least as far as the North American citizenry is concerned. Indeed, according to Larry Bartels, “[t]he political ignorance of the American voter is one of the best-documented features of contemporary politics” (1996, p. 194).

Why does this *fact of widespread incompetence*, as we may call it, present a problem for the deliberative democrat? Could it not be that citizens who deliberate socially, thereby, also learn from each other and rectify each other’s individual ignorance? As will be argued in section 2, available social psychological research on the mechanics of social deliberation suggests that the answer is “most likely not.” Rather than revealing an educational effect in the uninformed, the outputs of deliberating groups tend to simply track the majority opinion—which, given

the fact of widespread incompetence, is not likely to be the correct opinion.³ That, in short, is why the *fact* of widespread incompetence presents a *problem* of widespread incompetence for the deliberative democrat.

As noted already at the outset, “deliberative democracy” denotes not a single view so much as a family of views. Depending on one’s particular take on the role of deliberation in democracy, the problem of widespread incompetence might be more or less pressing. For example, some deliberative democrats, such as Joshua Cohen (1997), follow John Rawls (1997) in restricting the role of social deliberation to constitutional essentials and matters of basic justice, pertaining to issues such as “who has the right to vote, or what religions are to be tolerated, or who is to be assured fair equality of opportunity, or to hold property” (Rawls 1997, p. 94). Since it is far from uncontroversial whether the propositions thereby deliberated over have truth-values, it makes little sense to evaluate the relevant deliberative practices in terms of competence. For this reason, I will put the Rawlsians to the side. This, however, is not to suggest that Rawlsians face no problem of deliberation. In want of any evidence that the empirical results to be discussed below—suggesting that social deliberation consistently favors the majority view—do not generalize to *moral* deliberation, they would seem to be equally worrisome for the Rawlsian, particularly given Rawls’s stated interest in respecting a pluralism of values in society. That said, I will not pursue this point further here.

Instead, I will turn to a different set of deliberative democrats, who by tradition are more inspired by John Dewey than by Rawls, and who *do* take the role of deliberation in democracy to extend beyond matters of basic justice. For them, the problem of widespread incompetence presents a real challenge. Notice, however, that taking the role of democratic *deliberation* to extend thus does not commit one to an expansive view of democratic *control*. Granted, Iris Marion Young (2000) has argued that some international trade decisions that are not currently under democratic control should be, as have Amy Gutmann and Dennis Thompson (2004) about certain investment decisions made by large corporations. For present purposes, however, I will not subscribe the deliberative democrat to any expansion of democratic control. This is in line with a strategy I will be employing throughout the paper: given the diversity of accounts found under the heading of “deliberative democracy,” the less demanding their commitments, the more serious their flaws insofar as the relevant commitments can be shown implausible.

For the same reason, I will also not consider something pointed out by Ilya Somin (2010), which is that many deliberative democrats also require that the deliberators possess certain “philosophical knowledge that enables them to determine whether various arguments advanced in the deliberative process meet the normative demands of deliberative-democratic theory” (p. 256). For example, Gutmann and Thompson (1996) suggest that the deliberators’ arguments must meet the demands of reciprocity, publicity, and accountability, while Jürgen Habermas (1990) holds that deliberators should only make arguments that treat all citizens

as equal. In the following, I will ignore these and similar requirements. Moreover, by relaxing the requirements that the deliberative democrat puts on the deliberator thus, my argument from mere factual incompetence—if successful—would constitute an even harder blow to the deliberative democrat than Somin's. Again, the less demanding the deliberative democrat's commitments, the more serious their flaws insofar as the relevant commitments can be shown implausible.

In light of this, the only thing that the arguments that follow require is that the relevant deliberative democrat takes a wide view of the scope of social deliberation, in not restricting it to matters of basic justice. This brings us to Robert Talisse (2005a), according to whom social deliberation has a role to play in civil society at large, even in *factual* matters. Taking such a wide view is certainly not to deny that we may still deliberate over values. Rather, it is to suggest two things. First, believing what is *true* is in the service of doing what is *right*:

With regard to disagreements over specific cases, [. . .] there will be some disagreement over the non-moral data that will in part account for the disagreement over what ought to be done. In other cases, disagreement over non-moral factors will not exhaust the disagreement, but will provide a way for moral argument to advance, as when an interlocutor identifies the empirical consequences that follow from a stated moral position. *With regard to any such case, it is in the moral interest of all to have access to reliable processes of discovering and assessing the non-moral data.* (Talisse 2008, p. 117; emphasis added)

Second, deliberation is desirable exactly on account of its epistemic virtues. Indeed, Talisse takes the relevant virtues to be exactly what explains why decisions taken on the basis of deliberation are *legitimate*:

[A] position, with which the pragmatist view I favor is closely allied, is committed to an epistemic understanding of deliberation. On an epistemic view, democratic deliberation aims to track the truth, or arrive at correct political policies; the epistemic quality of the results of democratic deliberation generates their legitimacy. (Talisse 2005b, p. 102)

This makes it sound as if reliability of the relevant processes is necessary *and sufficient* for the legitimacy of the policies embraced on the basis of social deliberation. However, in the interest of charity, let us settle Talisse with the weaker thesis that reliability is merely necessary for legitimacy.

Does social deliberation really deliver on this epistemic score? In the next section, I will give a brief overview of some psychological findings that suggest that the answer is “no,” for the purpose of then considering two responses to the problem of widespread incompetence. The first response, offered by Talisse (2009), grants the fact of widespread incompetence, but denies that there is a corresponding problem. He argues that the correct conclusion to draw from the relevant findings is not that we should give up on deliberation, but that we simply must work harder to ensure that the deliberative process improves the deliberators' epistemic

situation. The main problem for this response is the presence of non-deliberative alternatives, such as information markets—a tool for information aggregation that will be considered in detail below—that serve us better from an epistemic point of view than does social deliberation, for reasons to be discussed in section 3. All of which raises a question: Why keep bothering with deliberation?

Section 4 turns to the second response, which attempts to answer this question by arguing that only socially deliberative practices can confer legitimacy on the resulting policies, by providing justifications that can be accepted by all qualified points of view. In response to this, it is argued that it is far from clear that social deliberation actually is able to provide such justifications, at least if we go with an account of legitimacy that not only honors Talisse's claims about there being a tight connection between legitimacy and truth, but also is a refined version of an account to which Talisse suggests that he is closely allied, that is, that of David Estlund (2008). In fact, empirical evidence on the mechanics of social deliberation and information markets, respectively, suggests that the latter carries the most promise out of the two when it comes to providing the relevant kinds of justifications.

Although Talisse's particular view will serve as my foil in much of what is to come, the critique to be mounted is of a more general significance. First, while Talisse's view is particularly clear and well developed and as such makes for an especially fruitful target of investigation, his view is by no means alone in stressing both the wide application and epistemic merits of social deliberation.⁴ Consequently, we should expect problems posed for Talisse to be relevant to a wide range of other theories. Second, if what is to be argued is on the right track, the upshot is not only the negative point that deliberative democracy remains untenable; it is also the positive point that what makes for a democratically healthy citizenry is not necessarily that its members deliberate socially, as opposed to making a joint investment in informed political decision making by sharing their insights as traders on a market. And if so, it is high time that theorists interested in the epistemic qualities of democratic practices start moving toward a growing body of empirical research on non-deliberative practices that, judging by our best evidence, serve the needs of modern democracies better than social deliberation does. It is the ambition of the present paper to take a small but hopefully illustrative step in this direction.⁵

2. THE PSYCHOLOGY OF SOCIAL DELIBERATION

As noted above, the fact of widespread incompetence is well documented. However, when considering the extent to which this poses a problem for the deliberative democrat, we need to keep in mind that she is not necessarily banking on the *individual* competence of each deliberator, but rather on the *aggregate* competence of the deliberating group. After all, we could imagine that social deliberation works in such a way that the incompetent will experience a learn-

ing effect when encountering the sound arguments of the informed, and that the latter thereby will have a disproportionate and epistemically beneficial effect on the judgment of the group as a whole. It is the burden of the present section to cast serious doubt upon this being what typically happens.

The argument to this effect proceeds by showing that (a) the kind of questions that the relevant deliberating groups, at a minimum, would need to address are such that only a minority of the deliberators can be expected to be informed on the relevant matters; and (b) social psychological evidence suggests that it is the viewpoints of the majority, not of the informed minorities, that can be expected to drive the relevant group judgments. Since this is the *opposite* of what we should expect if there were a learning effect—in which case informed *minorities* would be driving group judgments, on account of their insight and their educating influence on the majority—this discredits the idea that the aggregate competence of deliberating groups will be significantly more impressive than the competence (or lack thereof) found at the individual level.

But let us start by considering what social deliberation *is*, namely the process of a group of people exchanging reasons for and against a conclusion in order to reach a social verdict on the issue in question. Then, consider what surely has to be a crucial part of any deliberative democracy, namely social deliberation in times of elections. This is not to suggest that deliberative democrats necessarily are (or should be) exclusively concerned with deliberation in times of election. It is, however, to suggest that deliberative democrats *at the very least* need to be concerned with social deliberation in times of election, and that any deliberative account that cannot even provide a plausible story about why we should care about that kind of deliberation should be rejected. Again, this is in line with the overall strategy of the paper: given the diversity of accounts found under the heading of “deliberative democracy,” the less demanding their commitments, the more serious their flaws insofar as the relevant commitments can be shown implausible.

What would we, *qua* deliberating public, be likely to deliberate over in times of elections? Surely, some *moral* issues (e.g., “Are we morally obligated to increase foreign aid?” “Would it be morally permissible for the United States to invade Iran?” etc.). But remember Talisse’s point about how it often will be very hard to do what is morally right without first having gotten the *facts* straight (e.g., the facts pertaining to the efficacy of the relevant aid programs, whether Iran has nuclear capabilities or supports terrorist activities abroad, and so on). Consequently, even moral deliberation needs to be sensitive to the non-moral facts.

This is, of course, not to deny that we also are likely to deliberate over several factual issues independently of the moral in times of election, including issues pertaining to long-term economic trends (e.g., “Are we heading toward another recession?”), the likelihood of future policy decisions (e.g., “Will the Fed raise or lower interest rates in the near future?”), and the likely consequences of existing policies (e.g., “Will the health care reform have a negative net impact on the

economy?”). Indeed, if we are to deliberate over *any* issues in times of elections, we should surely deliberate over factual issues such as these, given that it would be extremely hard to make informed decisions about whom to vote for without having at least roughly accurate views on matters of exactly this kind.

At the same time, keeping in mind the fact of widespread incompetence, it seems reasonable to assume that all of the factual issues just mentioned—be they tied to moral questions or not—are such that only a minority of people can be expected to be informed as to their correct answers. Consequently, what we want social deliberation to do is to, at the very least, ensure that the most accurate information available among the deliberators has a disproportionately large impact on the conclusion reached by the deliberating group, for example, through the informed minority convincing or educating the uninformed majority. Does social deliberation deliver on that score? Relevant research in social psychology suggests that, in contexts of widespread incompetence, the answer is no. To see why, we need to consider what happens to informational minorities in contexts of social deliberation. There are two possibilities.

First, assume that the members of the minority do *not* disclose their information. There are a great many circumstances under which people simply refrain from disclosing what they (take themselves to) know, either in light of the *informational* pressure coming out of whatever happens to be the majority position (and the assumption on the part of the minority that they, not the majority, probably are mistaken), or the *social* pressure associated with the risk of social sanctions against dissenters (Sunstein 2006b). Indeed, for whatever reason, people are very reluctant to dissent, even if the only other option is to report views that contradict what they really believe (Asch 1955). In other words, in the event that there is a diversity of opinion, and the informed members find themselves in a minority, there is a real risk that the information they have in their possession will not even be submitted for deliberation, let alone be able to play any role in educating or convincing the uninformed.

Second, assume that above obstacles are, nevertheless, surmounted, and the members of the minority *do* disclose their information. What is likely to be the impact of that information on the deliberating group? Not particularly great, due to what is typically referred to as the *common knowledge effect*. Since the effect in question applies to information submitted for deliberation in general, and not just to what is known, a more appropriate designation might have been “the common *information* effect.” At any rate, social psychologists Daniel Gigone and Reid Hastie sum up the relevant findings as follows: “The influence of a particular item of information [on the judgment of a group] is directly and positively related to the number of group members who have knowledge of that item before the group discussion and judgment” (Gigone and Hastie 1993, p. 960).

In other words, what makes a difference when it comes to having an impact on group judgments is not so much *quality* of information as *quantity* of people

bringing a particular piece of information to the table. This would be great news, were there a robust correlation between the judgment favored by the majority and the truth. Such a correlation might, indeed, hold for questions where the correct answer is clearly apparent when pointed out or proved.⁶ But the great majority of the questions that we typically deliberate over in contexts of politics and policy simply are not of this kind. That is why social deliberation does not provide a particularly promising method for harnessing the best information available among the deliberators. At best, it is a *prima facie* promising method for aggregating information that is already widely shared—which is not the kind of role we are concerned with presently.⁷

What is a deliberative democrat to do? One available strategy is to deny that the relevant experimental data really applies in the context of deliberative democracy. After all, as pointed out by James Bohman (1996), “deliberative politics has no single domain” (p. 53); the deliberations imagined include a wide variety of social settings, from social deliberation among mini-publics and large-scale deliberations in the public sphere to the formal deliberations of parliaments. And, the objection goes, what has been argued above simply has not demonstrated that the relevant problems identified in the experimental literature will arise in all of these more specific settings. However, the objection gets the burden of proof wrong. It is not incumbent on someone worrying about the (lack of) epistemic merits of social deliberation to demonstrate that the kind of issues that social psychologists have been raising for decades apply in every possible instance of social deliberation. Rather, in light of the empirical evidence and the importance that the deliberative democrat places on social deliberation, it is incumbent on her to show that some *particular* kind of social deliberation that she has in mind is *not* susceptible to the relevant problem.

Yet another strategy is to accept the data but deny the implication. Talisse (2009) does exactly this when arguing that invoking the problem of widespread incompetence in an objection to deliberative democracy requires that we take the relevant social psychological data to suggest not simply that the great majority of citizens are uninformed or subject to a variety of biases, but that they are “unable to muster the cognitive resources necessary for deliberative politics” (p. 159; emphasis in original). According to Talisse, however, citizens *are* able to muster the relevant resources—they just need some help. Here, he rests his case primarily on Bruce Ackerman and James Fishkin’s research on so-called *deliberative polling*. Fishkin sums up the idea as follows:

Take a national random sample of the electorate and transport it from all over the country to a single place. Immerse the sample in the issues, with carefully balanced briefing materials, with intensive, face-to-face discussions in small groups, and with questions to competing experts and politicians developed in those small groups. At the end of several days working through the issues, face to face, poll the participants in detail. (Fishkin 1999, p. 282)

There are some encouraging results coming out of Ackerman and Fishkin's research (see, e.g., their 2004 *Deliberation Day*), suggesting that good information can be properly harnessed, spread, and utilized in such highly controlled and monitored settings. Still, Ackerman and Fishkin are the first to acknowledge that mirroring these conditions in actual everyday deliberations would require substantial reform and, in effect, "a rethinking of the deliberative process from the ground up" (Ackerman and Fishkin 2004, p. 5). Their visionary suggestions as for how to do this are nothing short of inspiring. It is less clear, however, that they are of any great help to Talisse, given his dialectical position. After all, if what was initially attractive about deliberation was its (presumed) epistemic benefits, and it turns out that large-scale reform is required to at all reap those benefits, why keep bothering with deliberation? Particularly when there is a non-deliberative option readily available. I now turn to this option.⁸

3. A NON-DELIBERATIVE OPTION: INFORMATION MARKETS

An information market is a market for trading contracts, representing bets by individual traders. What makes the market an *information* market is that it is designed and run for the purpose of aggregating information possessed by the traders, and subsequently eliciting that information by way of a market value. While the contracts on the market are settled on the basis of future events (for this reason, information markets are sometimes referred to as *prediction* markets), the information collected by way of market prices does not itself need to pertain to future events. For example, we can set up an information market on whether the United States is in a recession *right now*, by trading contracts that will be settled on the basis of what the Bureau of Economic Analysis (BEA) will say at a *future time*, when the numbers are in and the call is made.

This is not to say that information markets cannot also be used to make predictions. Consider the contract below from Intrade.com on whether or not the US economy will go into a recession in 2011 (see Fig. 1).

For expiry purposes, a recession is defined in the contract as two successive quarters of negative real GDP growth, as presented by the BEA. The contract is formulated in terms of two mutually incompatible and jointly exhaustive propositions—"The US economy enters a recession in 2011," and "The US economy does not enter a recession in 2011"—and the entire sum specified in the contract goes to the party representing the true proposition upon settlement. On Intrade's markets, every contract settles at either \$10 (if the relevant event occurs) or \$0 (if it does not). A trader who believes that the United States will enter a recession can buy the relevant contract for a fraction of \$10 from a trader who believes that the United States will not enter a recession. The profit or loss made by a trader is determined by what she paid or received for her contracts and the values they settle at. For example, someone who bought a contract for

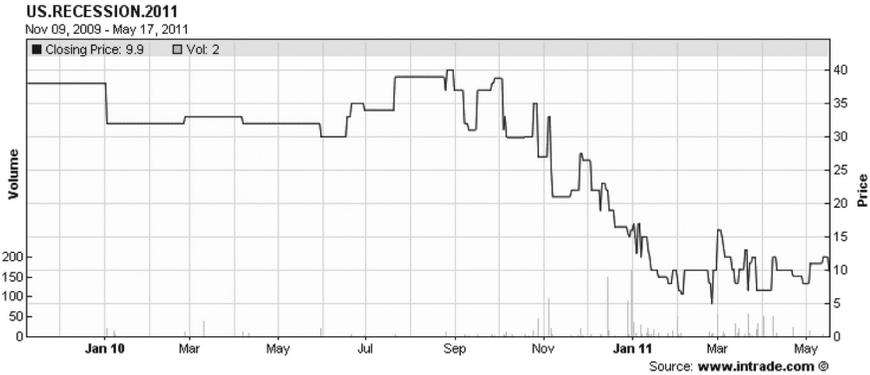


Figure 1. Price graph for a US recession contract from Intrade.com. Price is represented in \$/10.

\$1 will make a profit of \$9 (i.e., \$10 received at the contract’s maturity minus the \$1 paid for the contract) if it turns out upon settlement that the United States entered a recession during 2011, and a loss of \$1 otherwise. The person at the other end of the bet will make a corresponding loss of \$9 (i.e., \$10 dollars paid at maturity minus the \$1 received when selling the contract) if the United States enters a recession, and a corresponding profit of \$1 otherwise.

The market value that results from such trades is interpreted as the percentage chance assigned to the event at issue by the relevant information market at any given time. Interpreted thus, such market values tend to be highly accurate.⁹ This is, of course, not to suggest that they are perfect. For example, information markets failed to predict the outcome of Austria’s referendum on joining the European Union (Jacobsen et al. 2000), and the nomination of Judge John Roberts to the US Supreme Court (Abramowicz 2007). Moreover, information markets have shown some susceptibility to the common betting bias of overestimating low probability events and underestimating high probability events (Leigh and Wolfers 2006). Still, none of this takes away from the fact that the balance of empirical evidence still clearly indicates that information markets provide an impressively reliable tool for harnessing good information and generating accurate predictions.¹⁰

3.1. The Minorities Making the Markets

Even more relevant for our purposes is that, when we look closer at the markets that yield accurate verdicts, we find that they tend to do so on account of a minority of informed traders, referred to by Robert Forsythe and colleagues (1999) as *marginal traders*. Marginal traders trade higher-than-average sums, are active on the market on a higher-than-average number of days, show a lower-than-average degree of biases typical to investment behavior, and earn higher-than-average returns. It might be suggested that these higher returns are mere artifacts of higher investments. However, taking into account the facts that (a) marginal traders

have a disproportionately high influence on the price signal by virtue of their high trading frequency and larger-than-average investments, and (b) the price signals of information markets tend to constitute accurate verdicts, we have reason to believe that the accuracy of information markets are to a great extent due to the informed trades of marginal traders. In fact, there is more direct evidence for this hypothesis. Kenneth Oliven and Thomas Rietz (2004) found that, on the 1992 Presidential vote share market of Iowa Electronic Markets—one of the oldest providers of information markets—the average error rate of market makers, that is., the subset of marginal traders that are particularly active in setting bid and ask prices, was close to one-sixth of that of the price takers (the traders who mostly accept others' prices), or 8 percent across all trades, versus 47 percent.

What does all of this have to do with the problem of widespread incompetence? It suggests that the accuracy of information markets is to a large extent due exactly to the trading activities of an informed minority. This, in turn, tells us something important about the relative merits of information markets and social deliberation, respectively, with respect to harnessing the insights of such minorities. More specifically, it tells us that *information markets tend to do a good job of harnessing accurate information exactly under the conditions where social deliberation does not, that is, in contexts of widespread incompetence.*

How would we go about replacing deliberative practices with information markets? Again, consider what surely has to be one of the most important activities of a deliberating public: social deliberation over matters of politics and policy in times of elections. As noted above, such deliberation is likely to involve deliberation over several moral and factual issues. Setting aside the former—clearly, no one would want to settle *moral* questions with reference to information market prices—the latter include but are not restricted to such matters as long-term economic trends, the likelihood of future policy decisions, and the likely consequences of existing policies. Moreover, these are factual issues on which we can expect no more than a minority to be informed, and social deliberation, consequently, does not do a particularly good job of harnessing accurate information. By contrast, aforementioned issues are exactly of a kind where we may set up information markets for the corresponding questions.

Consider an illustration in terms of an issue of particular interest presently: the future of Social Security in the United States. Comprising no less than 20 percent of the federal budget, the system reached a critical threshold in 2010, when it started paying out more in benefits than it receives in payroll taxes—a threshold the Congressional Budget Office had not expected the system to cross until 2016. This, clearly, raises worries about exactly how to provide benefits for future retirees, particularly in a context where several European governments already are facing difficulties in trying to meet their retirement obligations. As such, the future of Social Security and related government programs is likely to be an important topic on which voters are going to want to make informed decisions in upcoming

US elections. Consequently, it would help the citizenry epistemically if we were to set up a series of information markets on factors on which the future ability of the relevant government programs uncontroversially turns, such as the length and extent of the current economic downturn; the likelihood of particular monetary policies being implemented that might speed up or slow down recovery; the likelihood of demographic changes (e.g., through immigration) that might have a positive impact on tax revenues; the likelihood of tax increases; and so on. Obviously, not even having accurate information on all of these matters will necessarily enable us to uniquely determine the wisest course on the issue, even if we hold fixed the moral obligations (if any) that the government might have toward its citizens in these areas. However, it seems equally obvious that *lacking* accurate information on these issues will make it virtually impossible to make informed judgments here.

For these reasons, it would seem wise to set up markets for the above and similar questions, and then let the public, policy analysts, and whoever else might be interested invest in those markets, as well as—and this is crucial, given the fact of widespread incompetence—consult the relevant price signal before making up their minds as to how to vote.¹¹ In fact, on many of these kinds of issues, it would not even be necessary to set up new markets, since there already are several operative markets for long-term economic trends and the likelihood of future policy decisions, both monetary and otherwise. Consider, for example, Intrade's real money markets on foreign affairs, international security, as well as legal, financial, and political matters (<http://www.intrade.com>); Intrade's virtual money markets on global, financial, legal, and political matters (<http://www.intrade.net>); and Iowa Electronic Markets' monetary policy and political markets (<http://tippie.uiowa.edu/iem/>). If accuracy is what matters (more on this in section 4), it might just be that any democracy interested in informed decision making stands more to win by encouraging participation in and consultation of information markets such as these than by promoting socially deliberative practices, given what we know about the workings and past track records of information markets and socially deliberating groups, respectively.

3.2. Some Worries: Barriers to Entry, Market Manipulation, and Investment Bubbles

Naturally, none of this suggests that information markets constitute an epistemic panacea. For one thing, there are, clearly, several kinds of questions that we may ask as citizens that information markets will not be able to answer. This is most obvious in the case of moral questions, as already noted. Two things should be noted here, however. First, even if information markets cannot (and should not) answer moral question, what has been argued above suggests that such markets should take precedence over social deliberation, whenever such markets can be fruitfully applied. Second, we also need to remember Talisse's point about how believing what is true is in the service of doing what is morally right. For example,

the idea that the health care reform was morally objectionable and, as such, should be repealed may rest upon the factual (and false) premise that the reform involves setting up governmental death panels. By way of further example, the idea that the invasion of Iraq was morally just may, at the time of the invasion, have rested upon the factual (and false) premise that Saddam Hussein had weapons of mass destruction. That is why factual reliability on the part of the practices involved in political decision making is important, even if the conclusions of the relevant arguments need not in all instances pertain exclusively to factual matters.

At the same time, the idea of a market on issues of relevance to politics and policy naturally conjures up pictures of wealthy investors having a disproportionately high degree of influence on the price signal. There are two related worries at play here. The first worry is that some people who *want* to join the market will not be able to do so on account of not being wealthy enough. The second worry is that some people who *do* join the market will dominate it on account of their wealth. As for the first worry, it should be noted that information markets typically involve fairly small sums of money, and in many cases virtual money. Moreover, the only restriction put on participation is usually one on the age of the trader, in accordance with legal age restrictions on gambling generally. As such, the barrier to entry for an (adult) investor has to be considered fairly low. In fact, insofar as there is a potential problem of participation, it has turned out *not* to be preventing the exclusion of people who want to join, but actually motivating enough investors to join the market to at all render it liquid.¹²

There being no significant barrier to entry, of course, does not rule out that the markets may become dominated by a small set of wealthy investors, which brings us to the second worry. After all, if more decisions are based on the price signals of such markets, we can expect attempts to influence those decisions through *market price manipulations*. How great of a threat is this? According to Paul Rhode and Koleman Strumpf (2009), there is little evidence that information markets can be systematically manipulated beyond short periods of time. By way of example, political betting markets on Wall Street in the late nineteenth and early twentieth centuries involved millions of dollars and many attempts at boosting candidates by way of speculative investments. Still, the prices consistently returned to their pre-attack levels within days. More recently, a series of random investments made by Rhode and Strumpf themselves in the 2000 Iowa Electronic Markets' presidential market led to large initial price changes, but the prices reverted to their initial levels in a few hours.¹³

These are, of course, exactly the results we should expect to get in a market where at least some of the investors utilize accurate information for the purpose of profiting from the influx of liquidity provided by the manipulators. But even if current evidence indicates that price manipulation may not be as urgent a problem as it might seem at first glance, this does not rule out it developing into a more common problem if information markets become more prevalent.

The same holds for another potential worry, which is that information markets may be susceptible to *investment bubbles*. Granted, the same trading activities that serve to weed out the effects of price manipulation may deflate speculative bubbles; in both cases, the correcting mechanism would be that of informed traders short-selling the inflated contracts. This expectation is, moreover, borne out in studies on experimental information markets, where bubbles—to the extent that they occur at all—tend to burst fairly quickly (Wolfers and Zitzewitz 2004). That said, there is still not enough empirical evidence on the extent to which non-experimental information markets are susceptible to bubbles for us to be able to say with any great degree of confidence if and how often bubbles occur in such markets. More research is needed.

Should this dissuade us from relying on information markets? To maintain that it should seems somewhat unreasonable, given what we still know about such markets. While surely not flawless, available empirical evidence suggests that information markets do a good job of providing accurate information about the present as well as the future, as has been made clear above. And luckily, applied epistemologists are not in the business of perfection, but in that of improving on available alternatives. Here, it is also important to keep in mind that the present case is a comparative one. In particular, it has been argued that information markets do a significantly *better* job than social deliberation in eliciting accurate information from informed minorities. This is compatible with granting that neither will be immune to frenzied speculators or powerful investors, determined to have us arrive at a particular judgment—with one important caveat: in the case of social deliberation, such speculators or investors do not even have to be particularly frenzied or powerful; it is sufficient that they simply constitute a majority.

4. A FURTHER CONDITION ON LEGITIMACY

The preceding sections argued that information markets do a significantly better job than do socially deliberating groups when it comes to harnessing the most accurate information available in contexts of widespread incompetence. At this point, someone may raise the following objection: Maybe information markets outperform deliberating groups in terms of accuracy, and maybe this gives us *some* reason to prefer information markets over deliberating groups. But the reason we bother with social deliberation—even if it were to turn out that reaping its epistemic benefits requires substantial reform of our present deliberative practices—is that deliberating groups generate goods that information markets do not. Remember, accuracy is merely necessary for the legitimacy of the resulting policies; it is not sufficient. And, the response goes, social deliberation might very well outperform information markets on whatever further condition is necessary for legitimacy.¹⁴

What would such a further condition be? Unfortunately, Talisse does not provide a theory of legitimacy in connection with his account of deliberation, beyond

the comments he makes about reliability being necessary (if not sufficient) for legitimacy. Where can we find a theory that suits his overall project? Given his explicit concern with reliability, any purely procedural account of legitimacy (e.g., Christiano 1996) would make for a bad fit. Moreover, given Talisse's wide-scope approach to the role of social deliberation, it makes little sense to settle him with an account of legitimacy such as the one defended by Cohen (1997), who restricts the role of social deliberation to constitutional essentials and matters of basic justice. A far better candidate is David Estlund's (2008) account of legitimacy, which not only is framed partly in terms of procedure-independent factors, but also understands those factors in epistemic terms. In fact, going with Estlund's account makes particularly good sense since it is a developed version of one to which Talisse (2005b) has suggested that he is "closely allied" (p. 102).

According to Estlund (2008), "no one has authority or legitimate coercive power over another without a justification that could be accepted by all qualified points of view" (p. 33). He calls this the *acceptability criterion*, and takes it to be a necessary but not sufficient condition on legitimacy (p. 48). What, then, is a *qualified* point of view? According to Estlund, it has something to do with being *reasonable*. However, he writes:

I will not be laying out a principle of reasonableness or a substantive criterion for which points of view count as qualified. Rather, at certain points in the ensuing argument I will need to assume that certain points of views are qualified and others are not. [. . .] The plausibility of those claims will have to arise in context, and will not be shown to derive from some general account of the boundaries of reasonableness or qualification. (Estlund 2008, pp. 63–64)

So, in want of a systematic criterion, let us consider two revealing contexts in which Estlund invokes the notion of a qualified or reasonable point of view, and then have the rationales invoked in those contexts guide our extrapolations about legitimacy.

4.1. *Legitimacy and Fairness*

First, consider the issue of what makes democratic processes fair. As Estlund points out, democratic processes such as majority voting are not fair on account of being blind to *every* feature of people—in that case, a simple coin toss would have been just as fair (it does not get more blind than that). Rather, majority voting is fair because it, unlike coin tosses, is blind to every feature, save for one: the (equally weighted) preferences of the participants. Why is *that* fair? According to Estlund, because there is no better *and generally accepted* epistemic route to what people think should be done:

In the political context, suppose you have taken it upon yourself to guess the people's attitudes rather than doing what they say. You might be very good at this [. . .] [but] that does not mean that your skill will be agreed by all qualified points of view. [. . .] In other words, the requirement that justification be acceptable to all qualified points of view rules out claims about who knows bet-

ter than whom what is just, and, for the same reasons, about who knows better than whom what the people's views are. [. . .] I contend that doing what the people *say* to do is the best generally acceptable epistemic route to doing what they really *think* should be done. (Estlund 2008, p. 77; emphasis in original)

Turn now from matters of *what we want* to how to determine *how to get what we want*, once the content of our desires is settled. In other words, consider matters of prediction. Prediction and preference aggregation are analogous in that, in both cases, we want the relevant processes to be sensitive to one and only one extra-procedural factor, that is, *preferences* and *predictive data*, respectively. Moreover, there is no qualified disagreement over the fact that some are better positioned to make accurate predictions than others, and that whatever practices favor those who happen to be positioned thus should be preferred. Might there perhaps still be qualified disagreement over *what* processes discriminate thus?

Let us consider the two practices discussed above, that is, the practice of relying on information markets and that of relying on social deliberation. As we have seen, social deliberation discriminates on the basis of whatever happens to be the majority view. In contexts of widespread incompetence, the majority view is not predictive of the correct view (in matters of prediction or otherwise). Consequently, the practice of relying on social deliberation does not discriminate solely (if at all) on the basis of predictive competence. Next, consider the kind of evidence we have for this claim: hard, empirical evidence from reputable scientific sources. If there are *any* reasonable points of view, those based on such evidence surely have to be among them. In other words, one can reasonably deny that social deliberation is a process that is sensitive to the appropriate considerations, which renders any justification in terms of social deliberation one that is *not* acceptable to all qualified points of view. Given the requirement that legitimacy can only be conferred by practices justifiable thus, this implies that social deliberation is not able to confer legitimacy upon the policies it generates.

Compare this to the practice of relying on information markets. As we have seen, information markets discriminate exactly on the basis of whoever happens to be informed, including whoever happens to be informed on matters of prediction. The opinions of the informed are (by definition) predictive of what is accurate. Consequently, in contexts of prediction, the practice of relying on information markets discriminates solely on the basis of predictive competence. Moreover, the kind of evidence we have for this claim is, again, hard, empirical evidence from reputable sources. Having such evidence does not entail being right, but it entails having the best that can be had, epistemically speaking. *Denying* this kind of evidence does not automatically make one unreasonable, but it sure puts one in questionable epistemic territory. Suffice to say that, while it is clear that one may reasonably call into question the epistemic virtues and, thereby, also the legitimacy of social deliberation, it is significantly less clear that one can do so in the case of information markets—contrary to what is suggested by the response under consideration.

4.2. *Against Epistocracy*

Consider another revealing context in which Estlund invokes the relevant notion of reasonableness: in relation to a so-called epistocracy of the educated. In *Considerations on Representative Government* (1861), John Stuart Mill famously defended the idea that, while everyone should have the right to vote, the educated should have *more* votes than the uneducated. Why would that be wrong? According to Estlund, for the same reason that it would be wrong to require literacy tests for voting, of the kind once employed in the American South, that is, because it “could reasonably be held to deprive the process of an epistemically important perspective on a leading form of injustice” (2008, p. 215). Estlund continues:

The objection to plural votes for the educated does not require all qualified (e.g., reasonable) citizens to accept the epistemic claims in this demographic argument. It is enough if it is not disqualified (unreasonable) to hold them. In that case, it can reasonably be denied that the educated, as things are, are better able to rule wisely than others. [. . .] The reasonableness of *denying* this is decisive according to the requirement we have set ourselves: to have a justification for ruling arrangements that is, in this sense, generally acceptable. (Estlund 2008, p. 216; emphasis in original)

With this in mind, how does the practice of relying on information markets fare compared to that of relying on social deliberation with respect to not depriving the practice of what might reasonably be considered epistemically important perspectives? Social deliberation favors whatever happens to be the majority view. As such, the practice of relying on social deliberation runs the risk of depriving the practice of epistemically important perspectives every time those perspectives are represented by a minority. Moreover, the kind of evidence we have for this claim is (still) hard, empirical evidence from reputable scientific sources. Consequently, one can reasonably maintain that social deliberation is a process that runs the risk of depriving us of epistemically important perspectives, which renders any justification in terms of social deliberation one the legitimacy of which can be reasonably called into question. Given the requirement that legitimacy can only be conferred by practices the epistemic virtues of which cannot be reasonably called into question, this implies that social deliberation is not able to confer legitimacy upon the policies it generates.

Information markets, on the other hand, discriminate on the basis of whoever happens to be informed, even if those perspectives are represented by a minority. Again, this is exactly why information markets perform well even in contexts of widespread incompetence. As above, the kind of evidence we have for this claim is hard, empirical evidence from reputable sources. Moreover, while denying the relevant evidence does not automatically make one unreasonable, the comparative case remains: while it is clear that one may reasonably call into question the virtues and, thereby, also the legitimacy of social deliberation, it is significantly

less clear that one can do so in the case of information markets—which, again, runs contrary to the response under consideration.

I have stressed repeatedly that the kind of questions that information markets are to be employed in addressing are *factual* questions. But notice that information markets' abilities to harness the insights of minorities also speak to one of the main *moral* sources of intuitive support for the idea that social deliberation should be considered central to democratic decision making: the protection of the perspectives of minorities against the force of the majority through inclusion in the deliberative process. In light of the above, it is not clear that social deliberation provides such protection. If the members of the minority are uninformed, they run the risk of being ignored irrespective of whether they are trading on an information market or attempting to partake in deliberation (in the former case, by virtue of being uninformed; in the latter case, simply by virtue of being in the minority). However, if the minority happens to be informed, its members will be *better* protected in contexts of information markets than through social deliberation, since such minorities have a greater chance of having their voices heard in the former than in the latter.

It might be objected that it is not the protection of just any minority that is our concern in democratic deliberation, but specifically the protection of *oppressed* minorities. Moreover, the objection goes, there is no guarantee that such minorities will be well represented among the traders of information markets. However, as stressed above, the claim defended here is a comparative one, to the effect that information markets do a *better* job than socially deliberating groups, as far as harnessing the insights of informed minorities is concerned. This is not to suggest that there will be no cases in which the views of minorities are not properly reflected in the price signal on account of oppression. But given what we know about the workings of social deliberation, contexts of oppression will *not* be ones where social deliberation will do better. Indeed, as we have seen, minorities will tend to lose out in contexts of social deliberation *irrespective* of whether they are oppressed or not.

4.3. Information Markets and Legitimacy

In conclusion, the practice of relying on information markets as opposed to on social deliberation fares better not only with respect to the accuracy of the outputs, but also when it comes to satisfying a further necessary condition on legitimacy. More specifically, given our best available evidence, information markets are far more promising than is social deliberation when it comes to being such that their respective virtues—both with respect to being sensitive to the appropriate considerations, and not running the risk of depriving us of epistemically important perspectives—cannot be reasonably called into question. This throws significant doubt upon the tenability of the deliberative democratic response under consideration, that is, that while information markets outperform socially deliberating

groups with respect to accuracy, socially deliberating groups outperform information markets on whatever further condition is necessary for legitimacy. If anything, information markets show more promise on both scores.

As was granted above, there might, of course, be further necessary conditions on legitimacy, in addition to the conditions that the relevant practices yield accurate outputs, and that the relevant virtues cannot be reasonably called into question. Notice, however, that the possibility of there being such further conditions does not help the deliberative democrat. If what we were hoping for from social deliberation was legitimacy, and a case can be made to the effect that social deliberation fails two necessary conditions on legitimacy, in accordance with what has been argued above, it is cold comfort for the deliberative democrat that there might be further necessary conditions that social deliberation might satisfy. After all, even failing a *single* necessary condition on legitimacy implies a failure to generate legitimacy—no matter how many other necessary conditions might be satisfied. In fact, it seems the most the deliberative democrat can hope for here is that the practice of relying on information markets *also* fails some further necessary condition on legitimacy, and as such is no better off—but also no worse off!—than social deliberation. But exactly *why* any deliberative democrat would hope for such a Pyrrhic victory is unclear.

5. CONCLUSION

A common objection to deliberative democracy is that public ignorance makes it unlikely that social deliberation among the public is a process that will tend to yield accurate outputs. The present paper considered two responses to this objection. The first response argued that we should not give up on deliberation, but simply work harder to ensure that the deliberative process improves the deliberators' epistemic situation. The main problem for this response was that there are non-deliberative alternatives—most prominently information markets—available that do a better job from an epistemic point of view than does social deliberation. So why keep bothering with deliberation? The second response attempted to answer this question by arguing that only socially deliberative practices can confer legitimacy on the resulting policies. In response to this, it was argued that information markets actually carry more promise than does social deliberation when it comes to offering the kinds of justifications relevant to legitimacy. Beyond being an interesting fact in its own right, this suggests not only that deliberative democracy remains untenable, but also that a healthy democratic process does not necessarily need to involve social deliberation. Indeed, if what has been argued above is on the right track, modern democracies might just be better served by encouraging people to instead share their insights—or reveal their ignorance—as traders on information markets.

NOTES

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1. For two anthologies that give a sense of the wide span of views included under the heading of “deliberative democracy,” see Bohman and Rehg (1997) and Elster (1998).

2. See, for example, Somin (2010) and Posner (2003).

3. Note that invoking Condorcet’s theorem will be of no help here, since widespread incompetence will imply a failure of the requirement that each voter, or even the average voter, be more likely than not to answer the relevant questions correctly.

4. See, for example, Benhabib (1996), who claims that “processes of public deliberation have a claim to *rationality* because they increase and make available necessary information, [. . .] and because they lead to the formation of conclusions that can be challenged publicly for *good reasons*” (p. 87; emphasis added). See also Young (2000), who suggests that “[t]he structure and norms of ideal deliberative democracy [. . .] provide the epistemic conditions for the collective knowledge of which proposals are most likely in fact to promote results that are *wise* and just. [. . .] Their collective critical wisdom thus enables them to reach a judgment that is not only normatively right in principle, but also *empirically and theoretically sound*” (pp. 30–31; emphasis added).

5. See Abramowicz (2008) and Sunstein (2006a) for two fairly recent discussions of non-deliberative forms of decision making. Notice, however, that neither contribution discusses the issue of whether non-deliberative practices not only can increase accuracy but also generate political legitimacy.

6. For example, some results suggest that groups can outperform individuals when deliberating over questions that have demonstrably correct answers (Hastie 1986), such as mathematical questions (Stasson et al. 1991) and random coding questions (Laughlin et al. 2002).

7. It might be suggested that Hong and Page’s (2004) so-called diversity trumps ability theorem would count against this conclusion. According to the theorem, “a random collection of agents drawn from a large set of limited-ability agents typically outperforms a collection of the very best agents from that same set” (p. 16386). However, Hong and Page’s model does not take into account *communication*, that is, an activity that must not only be considered necessary for social deliberation, but also paves the way for exactly the problems discussed above. As such, the theorem has nothing to do with social deliberation. More than that, the experimental results discussed above, unfortunately, give us reason to believe that any benefits of diversity (if any) will be destroyed in the homogenizing process of the agents representing the majority opinion getting their way, if not through informational or social pressure then by their sheer number.

8. While the present section primarily casted doubt upon the idea that we can expect a learning effect *through* social deliberation, I will not consider any further suggestions about how to ensure such an effect *prior* to deliberation, be it through deliberative polling

or otherwise. However, see Somin (forthcoming, chap. 8) for a critical discussion of some further suggestions to this effect.

9. See, for example, Bragues (2009), Wolfers and Zitzewitz (2006a), and Berg et al. (2003) on political information markets, Pennock et al. (2001) on commercial forecasting, and Chen and Plott (2002) on sales forecasting.

10. Should the success of information markets lead us to accept the efficient market hypothesis? Not if the latter is interpreted as the idea that all financial markets reflect all available information, which is an idea that, albeit congenial to a naïve defense of capitalist economics, has been discredited by recent work in behavioral finance (see, e.g., Thaler 2005). What the success of information markets possibly should have us accept, however, is the far more modest view that some markets are more efficient than others, and that information markets in particular are efficient enough to make for highly accurate outputs.

11. Relevant here is the finding that macro-economic information markets tend to avoid several forecasting errors typically exhibited by professional forecasters (Gürkaynak and Wolfers 2007).

12. See Wolfers and Zitzewitz (2006b) for a discussion, and Abramowicz (2007: chap. 2) for some constructive suggestions as to how to avoid this problem by way of subsidies.

13. It might be objected that manipulations in these markets had no sustained effect due to there being very little “private” information—that is, information that is not accessible to all traders—with respect to elections. However, studies suggest that markets involving private information tend to weed out manipulations as quickly as markets that do not involve such information, and that the presence of private information per se, consequently, does not seem to increase the risk of market manipulation (Hanson et al. 2006).

14. This response was suggested to me by Talisse (in conversation).

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