

Analysis and Design of Advice

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Chapter 2

Coordination and Advice

Three processes shape developed contemporary societies and give the analysis of advice its central role: the advancing division of labor, the widening field of personal decision, and the decreasing cost of distributing information.

Division of labor along well-delimited tasks in production, the specialization of work came to prominence in the time before, and progressed considerably throughout the eighteenth and nineteenth century Industrial Revolution. With it came the specialization of knowledge, reflected in the fragmentation of scientific inquiry, the organization of educational systems along specialties, and societies that increasingly value expertise, the deep, but narrow knowledge. To make decisions that fall within the limits of his or her own specialty, the citizen draws on the expert knowledge that he or she acquires. As specialties continually narrow and deepen, it becomes increasingly difficult to admirably navigate and command more than a single area of expertise. The consequence is that, when facing a decision outside his area of competence, the specialist will have to rely on advice. The narrower and deeper the specialization, the greater is the number of situations in which it is advice that informs or misinforms one's decisions, and the more critical it is, therefore, to rigorously analyze it.

The field of personal decision widens through pursuits of laudable freedoms of thought, speech, and action and the increasing reliance on reason and science for insight. Although still beset by superstitions, taboos, and myths, contemporary societies nevertheless are incomparably less so than their tribal, or even recent predecessors. Instead of following the rules set by chiefs, kings, and mystics, the present-day citizen is expected to approach very many choices autonomously and responsibly. Nowhere is this easier to observe than in democracies, where calls and procedures to decide who governs are inscribed in the foundations of law. The wider the field of personal choice, the more and the varied are the decisions that the citizen is asked to make. Constrained by time, attention, and the regularities of economics, the specialist citizen will seek advice and be confronted to the difficult question of how to respond to it, of whether to accept it.

Scientific and engineering advances of the twentieth century, and the ensuing new technologies continue to change ways in which information is produced and distributed. The cost to store and to copy text, sound, images, video are almost an insignificant fraction of what they were only a decade or more ago. Means to access

information have correspondingly decreased in cost, while those to push information to individuals have multiplied. Advice has never before been as accessible, varied, and unavoidable. Its quality does not arise from availability, making rigorous analysis crucial both to produce it for others and to consume it.

Rigorous discussion of a common phenomenon typically starts with the observation that the topic of interest is prevalent in contemporary society. There is really no need here to curb ambitions to current affairs only. As soon as there is ability to communicate and need to coordinate, there is giving and taking of advice. From the simplest cases of telling a child what to do, up to recommending courses of action to heads of state, determining what advice to give or take was, is, and will continue to be a pressing concern.

Advice-giving is a profession to some and has been so at least for as long as there were counselors to tribal chiefs and kings. Early professional advisors are depicted in some of the most prominent artworks. The king of Denmark in Shakespeare's *Hamlet* is advised by Polonius, whom William Hazlitt, an early eighteenth century English writer and literary critic, calls officious, garrulous, and impertinent, or in other words, intrusive, full of trivial conversation, and irrelevant. Not all of his advice is such, as when he tells his son Laertes in the first act of the third scene, "neither a borrower nor lender be; for loan oft loses both itself and friend; and borrowing dulls the edge of husbandry." Advice may be a gift: instead of presenting his prince, Lorenzo de' Medici offers him recommendations on governance in *The Prince*. It is a twisted gift, for "good counsel, from whoever it comes, must result from the prudence of the prince, and not his prudence from the good counsel" as "each counselor will consider his own interests, and [the] prince will not be able to correct them or even recognize them" (Machiavelli 2009, Sect. 22).

It is not in tribes and monarchies, but in the twentieth century republics that the institutionalization and professionalization of advice-giving took place. Advisors remained, while chiefs, kings, and princes were replaced by government officials, captains of industry, and robber barons.

Recognition of a relevant topic then usually leads to a look at the common readings of the word, its loose, but intuitively accessible definition that tends to require no particular background knowledge from the reader. The *Oxford English Dictionary* gives seven such readings. The earliest goes back to the thirteenth century, saying advice is the way in which a matter is looked at or regarded, an opinion or judgment. The word was later used to designate forethought, prudence, or wisdom; the weighing of opinions, deliberation, or consultation; opinion given or offered as to action; the result of consultation; a decision of a deliberative body; or, rather generally any information given. In some cases, advice referred to a provision for, endowment, advancement, which comes from a French use of *avis*, traced back to the fifteenth century; yet in others, it is a prefix, as in "advice-boat," which is a seventeenth and eighteenth century word for a vessel used to scout the sea and bring information back. *WordNet*, a lexical database of English, instead gives one reading of the word, namely that advice is a *proposal for an appropriate course of action*.

This is the informal reading that will serve throughout this chapter, and that certainly agrees with the perspectives given in traditional dictionaries.

A dictionary definition does little more than feebly scratch the surface of the concept of advice, and does nothing to inform any analysis of actually given or received advice. One purpose of this text as a whole is to discuss what advice is, and distinguish it from what it is not. Based on such distinctions, the other purpose is to construct a general way to analyze advice, and to see what kinds of insight such analysis can provide. While the third chapter will discuss a more elaborate definition of advice, this second chapter will use the commonsense understanding of advice as a recommendation on a course of action. The purpose in doing so is to avoid at the outset a technical definition when substantiating some important claims; the technical definition offered later remains, of course, consistent with the commonsense readings.

The key claim of this chapter is that how an individual analyses advice influences his position to and within the mechanisms of coordination in the realms of politics, economics, law, to mention a few. To support this claim, the following line of argument is taken. It is first observed that the only form of society in which the individuals rely on no advice is a society of one (Sect. 2.1). Once there is division of physical and intellectual labor, there is specialization. This in turn requires that the work of the specialists be coordinated, whereby coordination will require that advice is dispensed (Sect. 2.2). Now, we can only argue that advice will be a tool of coordination if it does play a role in the decision-making process of the individual, which leads us to consider briefly the interaction between advice and choice, as it has been observed in laboratory settings, in experiments (Sect. 2.3). To see advice as a tool of coordination leads us to discuss the role of advice in coordination mechanisms. A considerable part of this chapter is dedicated to the discussion of the use of advice for coordination within politics and economics (Sects. 2.4–2.6). This finally leads us to close the chapter by reiterating the importance for the individual of the independent assessment of advice for his relationship to coordination mechanisms (Sect. 2.7).

2.1 When There Is None

With warm, dry summers and cool, wet winters, no deadly predators to speak of, freshwater sources, edible berries and accessible and plentiful fishing spots, the least attractive trait of the island of Aguas Buenas may well be its distance from the nearest large landmass. The island is one of three that form the Juan Fernández archipelago, situated some 700 km west off the Chilean coast in the South Pacific, at about the same latitude as Santiago, Buenos Aires, and Montevideo. Its 15 min of fame came in late 2005, when the popular press reported an archaeological find. Excavations revealed that the island hosted an European occupant, a Scottish seaman, who spent more than 4 years there in the early eighteenth century.

It is apparently by his own choice that Alexander Selkirk was marooned in 1704 on Aguas Buenas, which was uninhabited at the time. Doubting the seaworthiness of

his ship, he asked the captain for permission to remain on the island. He did survive the ordeal, and is considered as the real-life castaway who inspired Daniel Defoe's novel on the adventures of Robinson Crusoe. Chance favored him more than once in his misfortune. Not only did he choose a rather convenient island to be marooned on, but was proved right about his ship. It sank shortly after Selkirk was left on the island, killing many of his shipmates.

It is ironic that a castaway has so much autonomy in choice, yet so little to choose from. Which course of action will be taken is entirely independent of fellow man, for none is in sight. This seems not without its benefits. As William Cowper, an eighteenth century English poet, observed in *The Solitude Of Alexander Selkirk*, the castaway rules his domain unquestioned:

I am monarch of all I survey,
My right there is none to dispute;
From the center all round to the sea
I am lord of the fowl and the brute.

Although of seemingly unconstrained choice, a castaway is forced to enact an autocratic monarchy. A dictator, it is his remote and solitary condition that makes him a self-appointed ruler and forces him to decide alone on the use of resources at his disposal. His is, nevertheless, an unfortunate domain to rule.

If Selkirk were educated in the eighteenth century Scotland, he would have benefited from one of the most advanced systems of education in Europe at the time, with tax-subsidized and state-regulated schooling. Once he had set foot on the island and had explored the surroundings to ascertain the absence of immediate danger, the educated castaway would undoubtedly think of Plato's *Republic*. "Society originates," he would recall, "...because the individual is not self-sufficient, but has many needs which he can't supply himself. . .Quantity and quality are therefore more easily produced when a man specializes appropriately on a single job for which he is naturally fitted, and neglects all others" (Plato 2003, pp. 55–56.) If Selkirk were further interested in new economic ideas of his times, this line of thinking would remind him of William Petty. After studying Dutch ship building in the seventeenth century, this English economist was among the first in his profession to highlight division of labor as a beneficial practice:

...the Gain which is made by Manufactures, will be greater, as the Manufacture it self is greater and better. . .each Manufacture will be divided into as many parts as possible, whereby the Work of each Artisan will be simple and easie; As for Example. In the making of a Watch, If one Man shall make the Wheels, another the Spring, another shall Engrave the Dial-plate, and another shall make the Cases, then the Watch will be better and cheaper, than if the whole Work be put upon any one Man. And we also see that in Towns, and in the Streets of a great Town, where all the inhabitants are almost of one Trade, the Commodity peculiar to those places is made better and cheaper than elsewhere. . . (Petty 1899, Sect. 6)

This intellectual exercise would only increase the castaway's misery and anxiety. He can but realize that he will be materially worse off alone. Society is obviously a complex formation, the different members of which perform separate roles and functions necessary for individual and collective survival and progress. The task of forming a society anew and alone is daunting. Even if he remains with Socrates in

Plato's *Republic*, he will observe that at least a farmer, a builder, a weaver, and a shoemaker are needed; much worse if he entertains needs that go beyond the essentials. Cowper is indeed quick to display Selkirk's misery:

O solitude! where are the charms
That sages have seen in thy face?
Better dwell in the midst of alarms
Than reign in this horrible place.

That a castaway has very little to choose from can be traced to the very limited labor force he has available and the size of the market he has the intention of serving. Both equate to one person. The entire labor force of one will be systematically dedicated to a restricted set of tasks, all required for survival in wilderness. Despite the specialization that may thereby occur, division of labor will not take place. If the castaway is an architect and is intent on building a shelter, imagining and drawing it will not do much: he must do himself all the subsequent tasks needed to complete the shelter, from finding a sturdy tree and gathering materials, to building the frame, walls, and a bed. If, instead, he only builds beds and manages to produce several, then his common sense is failing, or he is planning a second residence, or both.

Division of physical labor cannot develop in a society of one, as both the demand and the supply sides are severely restricted. In any problem he faces, the castaway dictator will have free reign, but only within the very limited set of potential solutions he himself creates, or the natural environment provides independently of his efforts. He is deprived of alternatives that society can make available through production that is organized as William Petty described. Relative to a specialized fellow who can rely on others' discharging their specialized responsibilities, the castaway will not only be deprived of the effects of their physical labor: *the knowledge that they develop through the performance and study of the tasks will also be missing.*

2.2 From Division of Labor to Dependence on Advice

"The greatest improvement in the productive powers of labor," wrote Adam Smith (1904) in his *Wealth of Nations*, "and the greater part of the skill, dexterity, and judgment with which it is anywhere directed, or applied, seem to have been the effects of the division of labor." As Petty's watchmaker shows, the division of labor consists of having a worker perform one or a few tasks involved in a production process, instead of having the same person perform many or all tasks in the same process. Each worker can consequently concentrate on some tasks, and thereby gain from not having to switch between tasks and from the improved dexterity in the necessary manipulations. The worker specializes not in the process itself, but the tasks he has been delegated.¹

¹ "This great increase of the quantity of work which, in consequence of the division of labor, the same number of people are capable of performing, is owing to three different circumstances; first,

Specialization of physical labor has its parallels in the specialization of its mental variant. In a pin factory – to borrow Adam Smith’s classical example – it was observed that if one worker only strengthens the wire of a pin and another only points it, more pins will be produced than if each worker individually produced entire pins. Apart from the gains in productivity, skills will differentiate. The worker specialized in a task will know more about that task when compared to a colleague who specializes in another step of the process. In this trivial case, it is through trial and error, and initially the observation of others performing similar duties that the task is learned and perfected. When the task is complex and/or important enough, knowledge of the task deepens. Disciplines and professions develop. Experience is generalized and codified. Those interested in the particular tasks may have access to education, which in turn facilitates their future engagement within professions that can benefit from such preparation. Some of the disciplines will require advanced method of inquiry and impose variously precise rules on the characteristics of the knowledge that is perpetuated.²

A process that demands more recent technology and thinking may better illustrate the extent of contemporary divides in intellectual labor. Decoding the deoxyribonucleic acid of an organism – that is, determining the exact order of the individual chemical building blocks, or bases, that make up the DNA – can be very crudely split into five stages: (1) divide long sequences of DNA into fragments of a size appropriate for subsequent analysis; (2) feed the fragments to bacteria to produce millions of copies that act as raw material for subsequent steps; (3) distribute all available fragments to four different solutions, each used to tag a particular genetic letter; (4) pipe tagged fragments to gel-filled tubes to sort fragments according to size; and (5) read the tags on each fragment to obtain a genetic sequence for the corresponding fragment of DNA. Not unlike the watchmakers that William Petty talks of, the engineers and scientists working to decode a genome will be specialists of well-delimited tasks, who coordinate to realize the process together. While Adam Smith’s depiction of pin making seems to sum up most of what there in fact is to pin production, the preceding sketch of genome decoding hides all of the scientific, technological, and industrial advances that were necessary to enable the efficient performance of the process. New types of genetic markers were needed, along with new experimental and computational strategies for cloning large DNA fragments. Little would have been possible without the automation of DNA sequencing. Each of these terms merely labels entire disciplines of science and industry, each involving many specialties. Clearly, the development of the necessary technology and

to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labor, and enable one man to do the work of many.” (Smith 1904, Book I, Chap. I)

² The United States Department of Labor’s *Dictionary of Occupational Titles* is a caricatural illustration of how division of labor continues to advance. This publication’s 1991 edition listed more than 12,000 generic job titles. The dictionary has since been discontinued.

methods required the involvement of highly specialized knowledge from various areas and the coordinated division of both physical and intellectual labor:

It took most centers a while, however, to learn how to organize the most effective teams to tackle a big science project. John Sulston, director of the UK's Sanger Centre (now the Sanger Institute) from 1993 to 2000, recalls that 'at first everyone did everything,' following the tradition of manual sequencing groups. . . . However, it soon became apparent to Sulston and others that, *for the sake of efficiency and accuracy, it was best to recruit staff of varying skills — from sequencing technology to computer analysis — and to allocate the work accordingly.* (Collins et al. 2003, p. 286; emphasis added)

The approach proved successful: the best-equipped laboratories in the mid-1980s could sequence about 1,000 base pairs (i.e., structural units of DNA) a day, while in 2000, sequencing centers could collectively sequence 1,000 base pairs a second (Collins et al. 2003).

While broad parallels can be drawn between a pin factory and a DNA sequencing center, the two workplaces stand in stark contrast in one important respect. Namely, *it takes very different resources to understand the details of the two processes to the level required to match the knowledge held by the specialists of these steps.* In Adam Smith's pin factory, it takes 18 steps to make a pin. Each step involves simple manipulations and tools, the characteristics and use of which can be understood and learned within a reasonable amount of time. It is an understatement to say that it is more difficult to do the same for DNA decoding. Even without focusing on the problems of automation in that process, advanced knowledge of biochemistry, genetics, and molecular biology is needed to understand the chemical and biological mechanisms at play, while statistics and algorithmics are necessary for the treatment and interpretation of the collected data. Control of nuclear fission and exploration of space are other prominent examples of highly complex endeavors, which require the accumulation and use of knowledge of scope and depth beyond the practical reach of an individual. Reaching any such milestone required advanced specialization both of physical and intellectual labor. This is not to say that only such unique undertakings are in their whole beyond an individual's reach: whatever requires advanced science and technology shares this same trait. It is unsurprising that a scientifically and technologically advanced economy would favor the specialist over the generalist, as we can clearly see from the way advanced education is organized.

Recall that the generalist castaway cannot benefit from the division of physical labor. He is unlikely to go far in the division of intellectual labor, for just as his time will be occupied with survival, his knowledge is unlikely to move beyond that relevant to the physical tasks at hand. If we could consider the entire body of knowledge in his primitive economy, that is, all knowledge he has access to, we can see that he will command all of it. In presence of two or more people, division of labor can advance together with the division of intellectual labor, and specialist knowledge will develop. The body of knowledge in the economy with specialization will be comparatively larger than that of the solitary castaway. However, relative to the castaway, the individual in the economy of many specialists will command a

smaller share of total knowledge available in the economy.³ The specialist will have particular knowledge related and tailored to the performance of one or a limited set of tasks. By performing the task, he may advance that knowledge, possibly to the extent that pushes specialization and division of labors further.

To specialize is to acquire knowledge relevant to the task of interest. Since doing so uses rare resources, there is an opportunity cost: to specialize in one field is to forgo the benefits of doing the same in another. This opportunity cost manifests itself in a clear and visible way in decision situations. Suppose that the castaway is specialized in botany, with a pronounced interest in edible plants. To distinguish those that are edible from others, he draws on what he has previously learned. Relative to a fellow who is not a specialist in the same field, the castaway has access to a body of knowledge that is relevant with regards to the decision situation, and is almost certainly better off in this particular case. If this botanist instead set out to build a boat, and if that was to be the first boat he ever built, then a professional constructor of boats would certainly be better off than the botanist.

To specialize, then, is to acquire knowledge that is most relevant only for some decision situations; in others, the specialist changes his role and reverts to a generalist. Aware that his knowledge is limited in fields other than his own, the individual can only seek shortcuts to the knowledge available elsewhere: (if) aware of own ignorance, he will ask for advice from others. As a recommendation on a decision or course of conduct, advice acts precisely as such a shortcut. In the matter of pin manufacture, consult the pin maker; to build a house or bridge, refer to the architect and to the engineer.

Division of labor goes together with a dependency on advice. While the efficient production of pins, watches, but also automobiles and aircrafts requires the division of physical and intellectual labor, efficiency does not arise simply out of the division of labors. Coordination of the specialists is necessary to avoid the waste of the various resources used in such processes, and thereby claim efficiency. A specialist's knowledge will tell him what to do within a process, but it is through coordination that he will know when to do it, how often, whose work he will be building on, and who will in turn be building on his labors. Division of labor creates dependencies

³ "The 'Jack-of-all-trades' is less useful than the specialist in economies with advanced technologies and an extensive human capital base. Although workers in modern economies have considerable knowledge of principles and have access to complicated technologies, a typical worker also commands a very much smaller share of the total knowledge used by the economy than do workers in simpler and more backward economies. [...] An 'expert' has been facetiously defined as 'someone who knows more and more about less and less.' Highly specialized workers are surely experts in what they do, and yet know very little about many other skills found in a complex economy. Modern expertise comes partly at the expense of narrowness, and of ignorance about what other people do. [...] Greater knowledge tends to raise the benefits from specialization, and thus tends to raise the optimal division of labor. This helps explain why workers become more expert on narrower ranges of tasks as knowledge grows and countries progress. Increased specialization in turn raises the benefits from investments in knowledge, so that the growth in tandem of specialization and investments in knowledge may allow an economy to continue to develop." (Becker and Murphy 1992, pp. 1146,1157).

between the specialists, entailing thereby the necessity for coordination. It is further clear that there is no coordination without the exchange of information between the specialists. Regardless of the form that the coordinating information will take – be it spoken, written, involve unspoken observation, or other – its very purpose is to orient others' courses of action. *That division of labor goes together with the dependency on advice is due to the necessity for coordination.* Specialists cannot collectively be efficient without coordinating their efforts, which in turn makes them rely on advice as the information that coordinates. Advice is a tool of coordination.

2.3 Autonomy and Coordination

To suggest that advice is a tool of coordination requires that we look into the question of whether advice interacts with the choices of the individual. This is essentially a question of how the presence of advice relates to the autonomy of choice. If advice does not affect individuals' choices, its role for coordination is irrelevant; otherwise, it is proper to claim that coordination happens through advice.

Autonomy refers to the ability to make one's own laws. As the solitary castaway clearly has no one's laws to obey but his own, he benefits from the autonomy of choice. His decision-making is entirely independent of advice.

We called it ironic that a castaway has so much autonomy in choice, but so little to choose from. Both are hard, if impossible to have together. In a society of two or more, advice becomes available to inform choice. As the division of physical and intellectual labor advances, dependence on advice becomes more prominent. In a technologically advanced society, the division of labors and specialization will have progressed and thereby ensured a demand for advice. When in the role of a specialist, an individual can offer advice from personal expertise. When he reverts to the generalist, he may demand advice. To escape the castaway's irony by increasing the range of alternatives in choice thus goes together with another irony: more options seem tied to less autonomy in individual choice. It is not the increase in alternatives itself that does so, but the conditions necessary for such increase to happen. Division of physical and intellectual labor is necessary to benefit from those alternatives, which result from the labor of the community. Division is inseparable from the specialization of individuals. In own areas of expertise, every individual can offer advice. Much of the advice is codified, as a visit to the library illustrates. Solicited or not, it will often be available precisely because it can influence choice. Advertisements are an obvious example. It appears that no nontrivial decision can be taken independently from advice.

To be a tool of coordination, advice should have the capacity of constraining choice. It should eliminate alternatives, occasionally to the extent that only one remains. To accept advice can consequently either simply orient, or fully determine choice. Laboratory experiments on how advice interacts with choice support such intuitions. Economists have studied the role of the so-called naïve advice, which does not come from experts, but is of a word-of-mouth kind, and based

mostly on limited prior experience. In Andrew Schotter's experiments from the 1990s (Schotter 2003; Schotter and Sopher 2006), subjects are engaged in intergenerational ultimatum games. In an ultimatum game, which places players in a bargaining situation, two players need to divide some given sum of money between them. One player called Sender proposes first how to divide the amount. The Sender indicates the part of the amount he wishes to take. The second player called Receiver is then asked to either accept or reject the Sender's proposal. If the Receiver accepts, the amount is split according to the proposal; otherwise, both players receive nothing. In an *intergenerational* ultimatum game, several ultimatum games are played in a sequence: a Sender/Receiver pair plays, then another pair plays, and so on. Each pair plays once, and after each play, the current pair is replaced by the next pair. The next pair can see some or all of the previous plays, that is, what the prior Senders offered, and whether the corresponding Receivers accepted the offers. There is also explicit advice. The Sender of the previous game $t - 1$ advises the Sender of the current game t the amount to offer, and gives a brief justification of that advice. The Receiver of $t - 1$ suggests to the Receiver in t the minimal acceptable amount. Results of these and similar experiments in laboratory conditions support the arguments offered above:

- Subjects tend to follow the advice they receive, even though this is naïve advice; it is naïve in the sense that the advisors are not more experienced in the matter at hand than the advised
- Advice affects how subjects behave in the experiments, since it is observed that those who receive advice act differently than those who receive none
- If given the choice between advice or the information upon which that advice was produced, subjects tend to take advice
- Giving or receiving advice forces the decision-maker to think about the decision problem in a different way from the way they would have done in absence of advice

Table 2.1 lists additional observations supported by empirical evidence, illustrating that decision-making in presence of advice does differ from what would occur in the absence of advice. Studies which resulted in these findings are typically conducted in settings organized as the so-called judge-advisor system (Bonaccio and Dalal 2006), where the *judge* is the decision-maker who makes the decision after having received advice from the advisor. Advice takes the form of a recommendation in favor of an alternative in the decision problem (e.g., "Choose option X"). In some cases, the advisor is also asked to give to the decision maker an estimate of confidence in the validity of the advice (e.g., "Choose option X; I (the advisor) am 85 percent sure that it is the best option"). Participants enter the laboratory, are assigned a role (either decision-maker or advisor), and told that it is the decision-maker who chooses, so that he can accept or reject the advice that the advisor provides. The advisor and decision-maker both read the information about the decision task. The latter makes an initial decision and, if asked, gives an estimate of his confidence in the appropriateness of his choice. The advisor does not know what this initial decision was. He is asked to make a recommendation and, if asked, give an

Table 2.1 Findings about advice-giving and advice-taking that are supported by empirical evidence. Adapted from Silvia Bonaccio and Reeshad S. Dalal’s survey of research on advice and decision-making (Bonaccio and Dalal 2006)

Findings about advice-giving and advice-taking
Sharing of accountability for the outcome of a choice and the improvement in the result of a choice motivates the decision-maker to seek out advice (Harvey and Fischer 1997)
New information or alternatives are considered by the decision-maker when he interacts with others before choosing (Schotter 2003)
The framing effect (i.e., when the choice is not independent of how alternatives are presented to the decision-maker) is less pronounced when the decision-maker receives advice from a source he perceives as credible (Druckman 2001)
There is social pressure on the decision-maker not to reject freely offered advice, which if rejected may not be proffered again in the future (Sniezek and Buckley 1995)
Own opinions are more important (i.e., have more weight) to the decision-maker compared to those he receives from an advisor (Gardner and Berry 1995)
Advice is perceived as more helpful and less intrusive when it is offered by an advisor considered as an expert by the decision-maker (Goldsmith and Fitch 1997)
Advisor’s good reputation is gained with difficulty, but lost easily when the quality of advice decreases in the eyes of the decision-maker (Yaniv and Kleinberger 2000)
To estimate the quality of advice, decision-makers use information and explanations about their advisors’ forecasting strategies (Yates et al. 1996)
Decision-makers are responsive to advice coming from those of greater age, education, life experience, and wisdom than the decision-makers (Feng and MacGeorge 2006)
Paid advice is considered as more important by decision-makers than advice received for free (Gino 2006)
Decision-makers tend to discount advisors whose recommendations vary considerably from those of other advisors (Harries et al. 2004)
Recommendations coming from more confident advisors are followed more often than those given by less confident advisors (Phillips 1999)
A decision-maker’s confidence in his choice is higher after the advice was received and the choice made. This may be due to the decision-maker forming a rationalization of their choice based on the advice (Heath and Gonzalez 1995)

expression of confidence in his recommendation. The recommendation is then given to the decision-maker, who makes the final decision. In contrast to experiments in which naïve advice is used, studies using variants of the judge-advisor system give richer findings, which in many cases confirm what seems intuitive, e.g., that advice from experts is deemed less intrusive and more helpful, that the decision-maker

considers his own opinions as more important than those of the advisors, that expert reputation is gained with difficulty but lost easily.

Beyond controlled environments, we can rather straightforwardly observe that even the decision-makers who seemingly can exercise high autonomy of choice will not necessarily do so, and instead rely on advice. Dictators are particularly illustrative: by being an individualistic ruler, any dictator of many intends to choose alone and abhors external influence. The castaway dictator can behave in such a manner, for there is effectively no other way. Any other dictator, however, must rely on advice because of the complexity of the effort needed to remain in place. To do so, the dictatorship must be consistent continually and in its various sources of power. It will need to maintain the authority that gives legitimacy to the regime, ensure access to skills, knowledge, and material resources it needs, enforce sanctions and communication that acts on the psychological attitudes of its subjects (Sharp 1973). Same applies for business executives. Even an authoritarian and individualistic ruler cannot choose independently of advice. Since remaining in power requires various specialized knowledge and skills, and as there is an opportunity cost to specialization, it is not surprising to see, as discussed in the next section, that dictatorships must rely on advice of many specialists.

2.4 Coordination Through Advice

Advice is a tool of coordination in the sense that it allows the transfer of knowledge between specialties, whereby the aim of the transfer is to inform decisions. To recognize this is to observe that advice is a manifestation of coordination. This is not to say that all coordination can be reduced to the exchange of advice (i.e., that advice is the *only* manifestation of coordination), but only that different ways of coordinating are likely to be accompanied by advice of various form and content, while ways in which advice is exchanged may also differ.

Once we admit that division of physical and intellectual labor goes with coordination, and that coordination can happen through advice, a different perspective of coordination mechanisms becomes of interest. Namely, we can ask what characteristics advice has – in terms of form, content, and advice-giving processes – within different means of coordination. As we shall see below, much of economics, management, politics, and law are concerned with coordination. Given the degree to which these spheres of interest in effect study and promote ways with which civilization deals or intends to deal with coordination problems, it will be argued that the study of advice positions itself as a fundamental issue of interdisciplinary relevance. To the extent that political, economic, managerial, legal, and religious models can be understood as systems of advice combined with mechanisms that enforce consent to advice, we shall see that the issue of how an individual assesses advice effectively becomes a determinant of his relationship to and position within coordination mechanisms and thereby within the political, economic, legal, and other such realms.

2.5 Advice in Political Coordination

In promoting with almost religious zeal a form of early communism, an 1894 political pamphlet in Britain, called *The Labour Leader* (Muse 2009) announced the collapse of party politics. For the price of one penny, the interested reader would open the pamphlet to find a series of quotes under a dominating title “What leading thinkers have said,” followed by a more elaborate argument by the writer. Among the great thoughts, a politician was quoted saying that “party spirit makes people abjure independent thinking. Some range themselves on one side, and some on the other, as they used to do in their school games, and with about as much reflection.” It remains unknown if this was sarcasm. The benefit of hindsight tells us that such collapse has been announced much too early. Political science from the 1930s to the 1950s recognized party government to be a distinguishing feature of then-modern politics. Called a revolutionary change in the conduct of public affairs, the party system was contrasted at the time to hereditary authority, continual resort to violence, and religious symbolism as the sources of political power (MacLeod 1931; Clokie 1949; Leiserson 1957).

The role of coordination that political parties perform is immediately apparent when we consider their purpose. A party organizes those interested in acquiring and exercising political power toward the achievement of specific objectives. They thereby coordinate the efforts of individuals toward the acquisition of political power, and subsequently their attempts at the realization of various aims. In performing that role, political parties can be said to constitute in contemporary societies an obvious link between those within and outside the formal institutions of government. In multi-party political systems, where access to power passes through the voice of the electorate, a party will need to coordinate internally not only the acts of its members, but also of the individuals whose votes they need. What we consequently systematically see them doing before elections is advocacy through communication with the electorate. Parties proceed by laying out the party platform, devised to distill and communicate a party’s world view, offering thereby opinions on the general courses of action that they favor. This is an old tradition, as we can see from *The American Presidency Project* at the University of California, which archives the platforms of US political parties. The US Democratic Party Platform of 1840 states, among others that “. . .the separation of the moneys of the government from banking institutions, is indispensable for the safety of the funds of the government, and the rights of the people” (Anonymous 2009). In addition to the advice on the separation of state-owned financial institutions and private banks, it also recommends equal treatment of citizens, the governmental collection of revenue only to the extent needed to cover the necessary expenses of the government, and so on. While the form of such advice has changed today to a great extent – the democrats’ platform of 2008 speaks in a different terminology and tone, and is much longer than the short tract of the 1840s – the purpose has remained essentially the same: summarize the message to the electorate, ensure the uniformity and the consistency of that message, and use it to coordinate with those within and outside the party. While the message does directly advise on governance, it only indirectly advises

the voters on whom to tick at the polls. If the individual favorably evaluates that advice, and has no substantive disagreements with the worldview it advises, he is expected to align his vote with the party in question. Coordination of this sort could not happen if advice was not made explicit.

That some considerations found in modern party programmes may have been advocated for so long that they are no longer recognized simply as advice does not change the fact that they do amount simply to recommendations on courses of action.

The exercise of political power requires consent to advice, that is, acting as advised. Since any political programme is but advice on governance, coordination will not happen without seeking the consent to given advice. Different political systems seek consent to advice in a diverse ways. Such variations illustrate the differences in the recommendations given on the acceptance of advice itself. How consent is sought within a political system thus illustrates, beyond the advice of the party programme, the advice of more general content and purpose: that which advises how to accept any other advice that the government may dispense. Beyond the very content of the party programme, and occasionally within the party programme itself, we can find observations that pertain not directly to the concerns of economic, internal, or foreign policy, but those of a more abstract nature. In the 2008, US Democratic Party Platform, and under the heading “Build Democratic Institutions,” it is said that the party “will increase . . . support for strong legislatures, independent judiciaries, free press, vibrant civil society, honest police forces, religious freedom, equality for women and minorities, and the rule of law.” As we shall illustrate below – in briefly discussing the status of advice in dictatorship and in democracy – the government will not only advise on what the tax rate should be, and what countries will be considered friends or foes, but also the degree to which the advice dispensed by the government can be questioned. In effect, it will advise the extent to which the independent assessment of advice is (un)welcome.

2.5.1 Dictatorship and Consent

At the end of the 1920s and at the beginning of the 1930s, Germany was a multi-party political system. The Nationalist Socialist German Workers Party of the 1930s was one of more than a dozen political parties vying for attention and acceptance of voters in parliamentary elections. From the perspective of a critical nonmember, their ideas could only amount to opinions, dispensed as recommendations on how the government should be run. Whether to accept this advice, and thereby orient own decision-making accordingly could, or at least should have been decided individually, and in the manner of what Herbert Marcuse calls the “last analysis” in his *One-Dimensional Man*: the individual should decide only if free to take either option. The parliamentary elections of 5 March 1933 resulted in the formation of a coalition of the National Socialists and the German National People’s Party, holding 52.5% of seats of the parliament. In this respect, Karl Loewenstein,

a scholar of constitutional law, notes that “the elections from which the National Socialists derived the legal claim to revolutionize the fundamental order of the state yielded only a very slender margin of majority which as it is known was immensely exploited by the victorious parties. . . The constitutional basis on which the reconstruction of Germany on National Socialist lines rests was created mainly by fraud and terrorization.” (Loewenstein 1937, pp. 540–541). That the acceptance of advice, in this case for whom to vote, was sought with violence before the elections was a signal for subsequent events. The freedom to publicly question the advice given was eliminated in a rapid and systematic manner through the reform of the constitution. The principle of equality before law was abolished, along with the *nulla poena sine lege* principle, which guarantees that one cannot be punished for acts that are not prohibited by law. Political parties, freedom of assembly, of association, and of public opinion were all prohibited; violations of the right to private property went unnoticed. In such extreme cases, law becomes merely the rewriting of leaders’ advice. Aware that their opinions may change, the leaders choose to make law by the very act of dispensing advice:

The new law as the binding expression of the Leader’s will claims precedence of right over all other rules of law. . . Concerning the rules passed prior to the National Socialist revolution [any] judge is bound only by his conception of the National Socialist ‘spirit’. . . This implies that parts of the Weimar Constitution continued to be in force although derived of their formal character and subject to being amended at any time by governmental decree, government ordinance and statutes passed by the Reichstag. . . The essence of the political revolution in Germany may be expressed adequately by the simple statement that the will of one man alone, the Führer, is sovereign, free from any constitutional limitations whatsoever. (Loewenstein 1937, pp. 546, 554)

The freedom to oppose what is quite simply someone’s advice thereby disappeared. Consent is obtained making alternatives illegal and their choice sanctioned. Beyond a mechanistic consent to advice from fear of oppression, the dictator expects the citizen to accept the world view, that is, the ideology, that advice reflects. The framework of law in a dictatorship advises the individual to suspend independent thinking.

2.5.2 Under Democracy

Dictatorship is but one of various forms of governance that requires the individual to suspend the independent assessment of advice. If we are interested in a more general picture, it can safely be argued that such suspension is a trait of what Karl Popper calls tribal societies in *The Open Society and Its Enemies*. These are groups of people sharing a strong cultural or ethnic identity, and beliefs that regularities observed in both nature and social life are due to something supernatural. Despite the many differences that may distinguish one tribe from another (what social structure they may promote, how they organize production, how they perform the transfer of power, and so on), what they share is that individual decision-making happens

within the rigid bounds of such belief. Shared beliefs have a clear value for the coordination of individual action, for they make the individual's behavior predictable when he is called to interact with others in both private and public matters. The beliefs will either directly prescribe or indirectly guide the behavior in as different situations as those in which the individual is called to act in some way by a figure of formal authority, or how he perceives and protects the results of his labor. This is not to say that the beliefs cannot change, but that when they do, they are not based on independent thinking about the prior practices.

Just as the dictator will seek to impose the advised course of action by rendering any other illegal, so will the tribal chief or king support the advised action through myths and taboos. In both cases, it is fear from some form of anticipated violence that will deter choice that goes against or past advice. Religions tend to ask that independent reflection on the relevance or appropriateness of advice be suspended. Psalm 119:105 from the King James' Christian *Bible* conveniently summarizes the attitude that a subject is to have of advice dispensed by the various texts: "Thy word is a lamp unto my feet, and a light unto my path." To complete this picture, note that the *Catechism of the Catholic Church* suggests that the scriptures "govern the whole Christian life" (Catholic Church 1992). Bob Dylan nicely puts the role of anticipated violence on choice in the song *Highway 61 Revisited*, where he caricatures an infamous episode from the Old Testament:

Oh God said to Abraham, "Kill me a son"
 Abe says, "Man, you must be puttin' me on"
 God say, "No." Abe say, "What?"
 God say, "You can do what you want Abe, but
 The next time you see me comin' you better run"
 Well Abe says, "Where do you want this killin' done?"

Advice that comes with incentives or sanctions is not peculiar to dictatorships or Christianity. The economist used to capitalism will be surprised by the extent to which Islam meddles into a banker's affairs. Sūratu al-Baqarah, the second chapter of the *Qur'an*, advises: "...relinquish what remains [due] from usury, if you are believers." It then clarifies how this advice should be read: "But if you do [it] not, then be apprised of war from Allah and His messenger" (cited in Labib 1969). In Machiavelli's words, "it is easy to persuade [people] of something, but difficult to maintain them in their belief; and therefore it is essential to arrange things in such a way that, when they no longer believe, they can be forced to believe" (Machiavelli 2009, Sect. 6).

Despite the taboos of current societies, Popper argues that the important difference from tribal societies is the widening field of personal decisions. When individual reflection and questioning is tolerated, courses of action alternative to those prescribed through taboos can be entertained. This transformation from the tribal, or closed, to the society open to critical attitude is in Popper's opinion "one of the deepest revolutions through which mankind has passed" (Popper 2002, p. 188). Given the persistence in the twentieth century, through dictatorships among others, of the mechanisms deployed to ensure consent to advice, it is more appropriate to say that mankind has not passed this transformation, but that the process has already been going on for at least two and a half millennia.

The tension between the societies more or less closed to personal decision, and thereby the independent assessment of advice has in a sense been officially announced at the outset of the Peloponnesian War, waged from 431 to 404 BC and which opposed Athens to the Sparta-led Peloponnesian League. At the public funeral of the first who fell for Athens, the leader of the city-state delivers a speech that Thucydides recounts in one of the earliest scholarly works of history, the *History of the Peloponnesian War*. Pericles not only honors the dead, but identifies a number of ideas that he sees as confronting Athens to its opponents:

Our constitution does not copy the laws of neighboring states; we are rather a pattern to others than imitators ourselves. Its administration favors the many instead of the few; this is why it is called a democracy. If we look to the laws, they afford equal justice to all in their private differences; if no social standing, advancement in public life falls to reputation for capacity, class considerations not being allowed to interfere with merit; nor again does poverty bar the way, if a man is able to serve the state, he is not hindered by the obscurity of his condition. The freedom which we enjoy in our government extends also to our ordinary life. There, far from exercising a jealous surveillance over each other, we do not feel called upon to be angry with our neighbor for doing what he likes, or even to indulge in those injurious looks which cannot fail to be offensive, although they inflict no positive penalty. But all this ease in our private relations does not make us lawless as citizens. Against this fear is our chief safeguard, teaching us to obey the magistrates and the laws, particularly such as regard the protection of the injured, whether they are actually on the statute book, or belong to that code which, although unwritten, yet cannot be broken without acknowledged disgrace. . .

If we turn to our military policy, there also we differ from our antagonists. We throw open our city to the world, and never by alien acts exclude foreigners from any opportunity of learning or observing, although the eyes of an enemy may occasionally profit by our liberality; trusting less in system and policy than to the native spirit of our citizens; while in education, where our rivals from their very cradles by a painful discipline seek after manliness, at Athens we live exactly as we please, and yet are just as ready to encounter every legitimate danger. . .

Nor are these the only points in which our city is worthy of admiration. We cultivate refinement without extravagance and knowledge without effeminacy; wealth we employ more for use than for show, and place the real disgrace of poverty not in owning to the fact but in declining the struggle against it. Our public men have, besides politics, their private affairs to attend to, and *our ordinary citizens, though occupied with the pursuits of industry, are still fair judges of public matters; for, unlike any other nation, regarding him who takes no part in these duties not as unambitious but as useless, we Athenians are able to judge at all events if we cannot originate, and, instead of looking on discussion as a stumbling-block in the way of action, we think it an indispensable preliminary to any wise action at all. . .* And it is only the Athenians, who, fearless of consequences, confer their benefits not from calculations of expediency, but in the confidence of liberality.

In short, I say that as a city we are the school of Hellas, while I doubt if the world can produce a man who, where he has only himself to depend upon, is equal to so many emergencies, and graced by so happy a versatility, as the Athenian. . .the admiration of the present and succeeding ages will be ours, since we have not left our power without witness, but have shown it by mighty proofs; and far from needing a Homer for our panegyrist, or other of his craft whose verses might charm for the moment only for the impression which they gave to melt at the touch of fact, we have forced every sea and land to be the highway of our daring, and everywhere, whether for evil or for good, have left imperishable monuments behind us. (Thucydides 2004, paragraphs 37–41; emphasis added)

It would not be displaced to hear a similar speech today on any, even remotely democratic political rally, for it espouses the ideas of participation in governance (“administration favors the many instead of the few”), equality before law (“they afford equal justice to all in their private differences”), individual competence (“advancement in public life falls to reputation for capacity”), personal liberties (“we do not feel called upon to be angry with our neighbor for doing what he likes”), rule of law (“teaching us to obey the magistrates and the laws”), openness to foreign citizens (“never by alien acts exclude foreigners from any opportunity of learning or observing”), regard for various opinions (“we think it [discussion] an indispensable preliminary to any wise action”), and progress informed by learned facts (“far from needing a Homer for our panegyrist. . . we have forced every sea and land to be the highway of our daring”). Although certainly an impressive address, it is important to recall some aspects of its context, beyond the need to inspire a people assembled in mourning. As far as equality before law is concerned, it is enough to note that Athens admitted slavery. To paraphrase a famous line from George Orwell’s allegorical *Animal Farm*, it seems that people of Athens are equal, but some are more equal than others. Independent thinking, though famously proclaimed in the funeral oration, was selective in Athens in addition to being biased by tradition and taboo. With regards to taboos, Pericles advises widows as follows, before closing the address:

. . . if I must say anything on the subject of female excellence to those of you who will now be in widowhood, it will be all comprised in this brief exhortation. Great will be your glory in not falling short of your natural character; and greatest will be hers who is least talked of among the men, whether for good or for bad. (Thucydides 2004, paragraph 46)

Despite the important nuances that should be kept in mind when reading Pericles’ funeral oration, it remains a strong example of an attitude toward advice that stands in stark contrast to that in any form of authoritarian rule. Particularly important in this respect is the part emphasized in the longer quote above. It can in effect be read as pertaining to advice that the government asks from its citizens under a democratic regime: “we Athenians are able to judge at all events if we cannot originate.” In another translation, this same idea is stated more tellingly: “although only a few may originate a policy, we are all able to judge it” (cited in Popper 2002, p. 199). Pericles not only gives advice in his speech on what Athens stands for, but also applauds the advice that citizens can provide *and* the very idea that they are allowed to advise, or in other words, that they can evaluate the advice that is offered to them by government. In the Athenian democracy, the government both dispenses advice and is open to recommendations from the citizens who are usually not engaged in daily politics.

Direct democracy, as preached in Athens of the fifth century BC, has a modern variant that coexists with the various representative democracies. While an elected minority exercises political power in representative democracies, the direct form operates differently. In modern USA, for instance, citizen’s advice can be solicited on state and local (but not the national) levels via initiative, referendum, and recall: initiative serves to propose a legislative measure or constitutional amendment; referendum asks if the voters are in favor of an existing piece of legislation; and

recall allows the public to ask for a vote on the continued tenure of an official. Such tools coexist with the representative system to allow the expression of voter sentiment when the representative process is dysfunctional. They put the voter in the position of the advice-giver and ensure to some extent that the voter's advice is followed. This is not to say that these tools are flawless, or even any good at all. Thomas Cronin, a political scientist, observes in his *Direct Democracy* that a number of recurring problems persist, such as questionable signature-gathering, confusing language in proposals put to vote, and the role of advertising techniques in the promotion of proposals. Finances also seem to play an important role, for "in about 20 percent of cases, the underdog or more weakly financed side wins" (Cronin 1989, p. 113). Nevertheless, what is usually vaguely understood as a democratic form of government has a significantly different attitude toward voters' advice than authoritarian rule.

2.5.3 *Advice and Meta-Advice in Politics*

Reading Pericles, and having noted some traits of the dictatorship in Germany of the 1930s and 1940s, it would appear that the attitude of the government toward the independent assessment of advice is very different in the two cases. In simplistic terms, it seems that the dictatorship receives none from, but only dispenses advice to the people, while a democracy more or less directly both gives to and asks for advice from the people. This has been nuanced, for it was also noted that any but the castaway dictator can remain in power without relying on advice in various matters, and that democracy selects the advice it asks and accepts.

Just as the dictatorship makes a precise recommendation regarding the practice of the independent assessment of advice, so does the (modern) democracy. In both of these forms of government, such recommendations themselves are suggestions on courses of action, that is, advice. This is a simple, yet important observation, since it supports the notion that how an individual assesses advice that positions him in relation to political ideas, some of which may have been advocated so intensely that they are taken for granted and *not* seen simply as advice, which the individual can choose himself to accept, reject, or discuss. Simple examples illustrate this: it appears self-evident today that a country needs a written constitution, yet the UK has no such document. It also appears obvious that there must be some formal right to private property for any sort of economic exchange to take place, yet it is only in 2004 that China reformed its constitution to reintroduce the provision that property right is not to be violated, after abolishing the notion of private property from its constitution in the 1950s. As a third brief example, note that for at least several decades before and after the Second World War, many considered it clear that any form of collectivist economy will lead to authoritarian rule, as for instance Friedrich Hayek argued in *The Road to Serfdom* (Hayek 2001), and that individual freedom cannot exist without the free market economy, as Milton Friedman suggested in *Capitalism and Freedom* (Friedman 2002); however, in 2009, the role of the free

market is openly questioned following the global economic and financial crisis that manifested itself after 2007. It seems that the worst in the 2007 and onwards crisis was avoided precisely through the collectivist intervention of big government that has been so troublesome to many free market economists. In all of these cases, we are dealing with recommendations on some or other aspect of private and public life, and thereby are confronted to the question of whether to accept, reject, or discuss advice, and more generally of how to assess advice.

Regardless of the particular form of democracy we may be interested in, any such form will be a particular case of what Robert Dahl, a political scientist, called a polyarchy (Dahl 1971). For a polyarchy to exist, the following institutional requirements should be present: (1) the constitution gives the control over governmental decisions to elected officials; (2) all elected officials are chosen and peacefully removed from office in relatively frequent, fair, and free elections, in which coercion is limited; (3) almost all adult citizens have the right to vote in such elections; (4) almost all adult citizens have the right to run for public offices, the occupation of which is decided at the elections; (5) all citizens have an actually enforced right to freedom of expression, and in particular political expression, which includes criticism of the officials, of the government's decisions regardless of the realm of such decisions; (6) citizens have access to sources of information that are not monopolized by the government; and finally, (7) all citizens have an actually enforced right to form and join autonomous associations, including political organizations (e.g., political parties and interest groups). Modern democratic governance cannot be established without mechanisms, which are intended to support the communication of the results, stemming from the assessment of advice dispensed by the government. The fifth requirement explicitly states this: namely, it opens the possibility for public criticism of the government's choices, and thereby of any advice that the government may choose to promote. Pericles' conception that all can judge policy that only some may originate is thus clearly expressed in the understanding of polyarchy and is very different from the opposing recommendation we have seen as being offered and enforced under authoritarian rule. Of course, there is – as briefly hinted above with regards to the influence of finances through communication on the opinions of the electorate – some non-negligible distance between the utopian definition and the actual use of the instruments of polyarchy to their original purpose.

The attitude a government may adopt toward advice is itself something that starts off as advice. The attitude to advice and to the independent assessment of advice may or may not appear in a party programme, but its limited visibility does not make it inexistent. In a dictatorship then, the very first advice that a subject is given is not some concrete consideration on some specific social, economic, or military issue. Instead, the primary advice that is dispensed is that one should suspend the independent assessment of all advice given by the government. We will call this *meta-advice*: any advice that itself speaks about advice. If then, we accept that the political system has a role of coordination, and that it must dispense advice to realize coordination, the political system will necessarily proclaim meta-advice, which paves the way for all recommendations that may follow. Where polyarchy seems to differ from dictatorship is that it aims to institute mechanisms for the evaluation

of advice. In proclaiming that all can judge policies, Pericles conveys meta-advice: namely, that advice given and received can be discussed before action is taken.

It is evidently different to assess advice that suggests, say, some level of taxation as opposed to another level of taxation, from the advice that suggests the practice of taxation itself as opposed to no taxation at all. Consider the consequences of such assessment on coordination of citizens concerned by that advice – i.e., those who will pay the chosen level of taxes in the first case, and those who either will or will not pay the taxes in the second case. In either case, a decision must be taken before we can say that there is any coordination with regards to the payment of taxes. While the assessment is taking place, and thus no decision is taken, coordination of the citizens on this matter will not happen. It can then be argued that (re)assessment of the practice of taxation will have to be done less often than the assessment of the actual level of taxation, or else coordination will be rather inefficient. Although this efficiency argument has its merits, it should be remembered that looking for efficiency before all other considerations will highlight dictatorship as the appropriate form of government: by leaving public choices to a single individual is undoubtedly more efficient (but only that) than any other form of collective choice.

Meta-advice in a codified form can be found prominently in the United Nations' *Universal Declaration of Human Rights*, in which Article 19 states: "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers." In saying that one is free to impart information and ideas, it advocates the freedom to give and receive advice, and consequently the freedom to perform the assessment of advice.

That a document formalizes the right to perform the independent assessment of advice should not be confused with the individual's liberty to perform such an assessment. The act of acknowledging the field of personal decision is separate from the existence of that field: the field is there regardless of the public acknowledgment. It is there, however, only to the extent that the individual himself recognizes the ability to assess options and choose. Official recognition can only create more or less favorable conditions for the public expression of personal decisions. The right is needed to avoid sanction when publicly performing, or announcing the result of one's assessment of advice. Settings where such right is absent, and in which the observed actions required the individuals to independently assess recommendations can illustrate that a formally recognized right is not a precondition for such assessment to happen.

Following the period of slavery in the USA, a number of laws that mandated racial segregation were enacted between 1876 and 1965. This established a form of domination that maintained political, social, and economic oppression well into the twentieth century. The social oppression placed the American Blacks very clearly in a subordinate position, as they were effectively living in a separate society, that is, used separate schools, sat at designated places in buses and trains, used separate toilets, had no access to hotels, and so on. The survey data as late as in 1940s suggested that racist attitudes were widely accepted, and that the segregation laws were supported by the white population of the USA (Bobo 1997); these

laws effectively promoted the notions of intellectual and cultural inferiority. The response to such measures has been continuing critique that culminated in the civil rights movements of the 1960s (Morris 1999). The civil rights movement is a result of the long-term assessment of and response to the segregation laws and racial attitudes within the communities of the oppressed. Some explicit forms of critique were pamphlets in the nineteenth century USA [e.g., (Crockett 2001)] and the Harlem Renaissance of the 1920s, which produced protest literature. Various radical ideologies formed both in that period and during slavery and have inspired subsequent boycott movements and protests. Illustrative in this respect is the March on Washington Movement of the early 1940s, which was effective without ever having been held. The intended target of the march to the White House was racial segregation through selective hiring in the US defense industry at the time. Suspecting the march and the embarrass that it would cause to the US who was then engaging in a fight against racist attitudes of the Nazis, Franklin Roosevelt, the president at the time, issued an order to ban racial discrimination in the defense industry. Such acts of non-violent action, which arise out of active criticism of government policies, illustrate the simple but significant observation that Gene Sharp argued for in *The Politics of Nonviolent Action*: regardless of what the government may proclaim or its members may believe to be the sources of its power, this power cannot be exercised without the consent of the people. Regardless of the oppression, criticism exists within the field of personal decision and progressively moves out of it to manifest itself, among others, through some form of violent or nonviolent struggle.

While the example of racial intolerance may seem distant to a citizen of a modern European or North American democracy, this perception does not mean that meta-advice regarding the independent assessment of advice – of which Pericles proclaimed a preliminary form – is dispensed or acted upon equally throughout the contemporary world. Those inclined to quantitative assessments can consider some available measurements of democracy, which seek to provide an aggregate and obviously rough (and thereby necessarily misleading to some extent) picture of the “degree of” democracy in a country. Since these indicators intend to characterize the score of a country along at least all of the institutional requirements for a polyarchy, we can use them here as a proxy for the degree, to which the independent assessment of advice is promoted. *The Economist*, a British weekly publishes each year an “Index of Democracy” based on the idea that “free and fair elections and civil liberties are necessary conditions for democracy, but they are unlikely to be sufficient for a full and consolidated democracy if unaccompanied by transparent and at least minimally efficient government, sufficient political participation and a supportive democratic political culture.” Its 2008 edition surveyed 167 countries (and excluded micro-states), classifying 30 of these as “full democracies,” 50 as “flawed democracies,” while 36 countries are considered as “hybrid systems” and 51 fall under the term “authoritarian regimes.” This places 14.4% of the world population under various “full” democracies, but more tellingly for the present discussion, it leaves 50.1% of the world’s population under some form of authoritarian rule (Anonymous 2008). The World Bank’s Worldwide Governance Indicators serve as aggregate measures of six characteristics of governance and are computed for 212 countries. As we

have noted that the meta-advice (on the open assessment of advice) associated with democratic governance goes together with freedom of speech, the so-called voice and accountability indicator is of interest, “measuring perceptions of the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media” (Kaufmann et al. 2008, p. 7). For 2007, Scandinavia, North America, and all European countries west of Poland, along with Japan and South Korea, Australia and New Zealand score high, with significantly lower scores in most of Asia, Africa, and Central and South America. While some divergences are present between The Economist’s and World Bank’s indicators, and though we can certainly argue against the possibility of a precise assessment of a “level of democracy,” it is difficult to argue against their overall conclusions: neither paints an optimistic picture.

A distinction should be made between advice and meta-advice. Both – by being kinds of advice – lend themselves to independent assessment by the individual. The assessment of meta-advice is particularly important because of its relationship to concrete recommendations. The contrast between the use of advice in dictatorship and polyarchy illustrated that meta-advice is not an esoteric notion, but manifests itself either implicitly through acts of government (as in the limitation freedom of expression or assembly under dictatorship) or explicitly via legal documents, some of which are formally recognized worldwide (as in the United Nations’ Universal Declaration of Human Rights). Such recognition need not go with actual application, as was illustrated by the example of the movement against racial segregation and the data on democracy scores. From there on, we looked at forms of governance as means of coordination, and consequently distinguished them on the basis of what advice and meta-advice they use as a tool for coordination.

What is, then, the link between the observations above and the division of physical and intellectual labor and coordination? The specialization that goes together with the division of labors creates both an offer and a demand for advice, as we have seen that any specialist will revert to the generalist in any decision situation beyond his own specialty. Moreover, we have argued that advice will serve as a tool for the coordination of the specialists. In a society with advanced division of labors and specialization, the coordination of specialists is essential for further progress. Any form of government in such a society will consequently be obliged to dispense both advice and meta-advice to the aim of coordination. We come to observe then a contrast between dictatorship and polyarchy that may not be immediately apparent. Dictatorship limits the number of situations that call a specialist to revert to the generalist. It does so by placing consequential public decisions in the hands of the dictator. In contrast, any form of governance that admits public and independent assessment of advice obliges the specialist to revert to the generalist whenever he assesses the advice outside his specialty. Polyarchy asks the specialist to revert to the generalist at least every time there are elections, or more generally, every time he is asked to voice his opinion in favor or against some policies. We noted at the outset of this chapter that the botanist castaway is better off in finding edible plants on an uninhabited island than the castaway who is instead specialized in ship building.

A polyarchy may well ask the individual specialized in botany to decide on some problem in ship building.

In mid-2005, the French held a referendum on the Constitutional Treaty of the European Union, in which almost 55% of the electorate chose rejection, 45% hoped for adoption, and the turnout was at about 70% (Anonymous May 30, 2005). The purpose of the treaty was apparently to facilitate the decision-making in the institutions of the EU after the enlargement from 14 to 27 member states. This seemed necessary – e.g., data showed that the number of laws passed every month dropped after the enlargement, whereby the laws being passed were mostly technocratic.⁴ There were among the voters both botanists and ship builders, along with butchers, bakers, doctors, and so on, who before the referendum and at the polls were obliged to revert from their specialty to say whether they agree with procedures aimed to improve the decision-making of, for instance, the 785 members of the European Parliament. An overwhelming majority of the voters are obliged to rely on advice dispensed during the campaigning, as it is hard to imagine that the specialist knowledge of edible plants, ship building, meat cutting, bread baking, or surgery will be informative with respect to the choice procedures for an international governing body. It is important not to read this comparison of polyarchy and dictatorship as concluding that dictatorship is somehow more appropriate a form of governance because it may revert the specialist to the generalist comparatively less often than the polyarchy. Horrors of dictatorship are well known and need not be repeated much here; as far as efficiency is concerned, there is no observed regularity saying that faster, rather than slower decisions procedures go together with better outcomes. Instead, we see that once a scientifically and technologically advanced society accepts some form of polyarchy, it will make its specialists dependent on advice almost any time they are called to exercise their rights of participation in governance. Whenever the meta-advice of government advocates the independent assessment of advice by its citizens – as it is in any variant of polyarchy – the way that the individual assesses advice and meta-advice before choosing will not only be an important private matter, but will concern his fellow citizens as well. The individual's personal liberty to assess advice, which may in addition be recognized through meta-advice within a form of government, raises not the question of whether the individual will analyze advice, but rather how he will do so. Finally, if some friction is observed between the visible acts of government and the stated meta-advice of polyarchy (say, freedom of expression), its source is at least in part to be found in how individuals themselves assess advice, and in particular what they do with meta-advice: how they have interpreted it within the context of their own field of personal decision, and how it subsequently affects their actions.

⁴ The last three directives adopted in 2005 were: "Council Directive 2005/92/EC of 12 December 2005 amending Directive 77/388/EEC with regard to the length of time during which the minimum standard rate of VAT is to be applied.," "Council Directive 2005/94/EC of 20 December 2005 on Community measures for the control of avian influenza and repealing Directive 92/40/EEC," and "Council Directive 2005/93/EC of 21 December 2005 amending Directive 69/169/EEC as regards the temporary quantitative restriction on beer imports into Finland." (Baldwin and Widgrén 2007)

The practice of censorship illustrates that people assess (meta-)advice in various ways. To do censorship is to suppress any form of communication that some individual or group of individuals (i.e., censors) consider unsuitable for a public, whose informational intake these censors set out to control. It seems a rather straightforward affair, where the censor would start from some manual recommending what is allowed and what is forbidden, then proceed to strike out or destroy whatever fits the criteria for rejection. In practice, censorship does start from advice that is dispensed by the government. For instance, the ways the Soviet rule of the 1930s censored arts was particularly effective. Artists were advised to depict heroes and the ideals of communism with convincing optimism, and the official stance was that this line of artistic exploration would provide, “exceptional prospects for manifesting creative initiative, of a choice of diverse forms, styles, and genres” (cited in Wallach 1991, p. 76). While this left the artists guessing what fits the government’s taste, censors were trained to recognize whatever may be questionable to the ideology (Plamper 2001). This was not only based on lists of undesirable works, but also involved the censor interpreting a piece and deciding if it may have an undesirable interpretation beyond the one that first comes to mind. To do so in the case of newspapers, censors were also expected to hold the pages against the light to check for undesirable juxtapositions of text or images: e.g., an entire circulation of brochures of a Stalin speech were confiscated, because “the graphics of the cover were executed in such a way that, when turning the picture, above the columns a Tsarist crown becomes visible” (cited in Plamper 2001, p. 537). In 1930s Russia, censorship advice was explicit and effective, as it was followed publicly by the majority of artists and certainly by the censors of the state (Wallach 1991; Plamper 2001); the advice that was dispensed did translate into intended actions.

While 1930s Russian censorship fits the usual understanding of such matters under an authoritarian regime, where meta-advice says that all council of the government is unquestionable, cases that counter the usual view suggest that (meta-)advice certainly need not be followed as it was originally intended, and that much remains in the assessment to the individual himself. It is since the end of the thirteenth century that publishers in France were subjected to the authority of the university and books were subjected to review by the academia before publication. As Robert Darnton, a cultural historian, suggests (Darnton 1995), this was a practice of censorship, but not a stereotypical one. The review expected of the professors was followed, if favorable, with the approbation of the king, by which he grants the exclusive right of reproduction to the author of the book. Just as the censor could reject a book, he could admire its style and content; censorship letters from the mid-eighteenth century contain comments on style or ideological matters, along with the censor’s reasoning behind such observations. While this does seem mild, underground trade in unreviewed books did exist and views that counter the king and church could have been confined to the audience of the gallows or the Bastille. Still, while they certainly were advised to object to anything inadmissible to church and king, in the analogous way to the Stalinist censors later on, that advice was loosely followed. Darnton mentions scandals, such as when a censor endorsed a translation of the *Qur’an*, after observing that it contained “nothing contrary to the Christian

religion” (cited in Darnton 1995, p. 46). Kings sought consent through violence, as when a sixteenth century edict required anyone publishing a book be hanged, while another in 1757 dictated death to any author of irreligious and incendiary works. “In practice” observes Darnton, “[the censorship system] became increasingly flexible, thanks to the enlightened administrators who bent the rules and, by doing so, created enough room in an archaic structure to accommodate a great deal of modern literature — at least until it all came crashing down in 1789” (Darnton 1995, p. 47). Yet another kind of censorship is present in modern mainstream media. Polyarchy advises media to be independent, in the sense that it should commit to discover and report truth, without being concerned for the harm or gain that this could have for government, enterprise, or individuals. Edward Herman and Noam Chomsky’s *Manufacturing Consent* presents a number cases of self-censorship by reporters and commentators, who “do similar thing because they see the world through the same lenses, are subject to similar constraints and incentives, and thus feature stories or maintain silence together in tacit collective action and leader-follower behavior” (Herman and Chomsky 1988, p. lx). While no obvious advice is given on what to cut out, the journalists choose to practice self-censorship in a turn that counters the optimism of the Universal Declaration of Human Rights; we read the following on the 1959–1974 Vietnam war:

It is a highly significant fact that neither then, not before, was there any detectable questioning of the righteousness of the American cause in Vietnam, or of the necessity to proceed to full-scale ‘intervention.’ By that time, only questions of tactics and costs remained open, and further discussion in the mainstream media was largely limited to these narrow issues. While dissent and domestic controversy became a focus of media coverage from 1965, the actual views of dissidents and resisters were virtually excluded. These individuals were presented primarily as a threat to order, and while their tactics might be discussed, their views were not: ‘The antiwar movement stood at the bottom of the media’s hierarchy of legitimate political actors,’ Daniel Hallin concludes from his survey of television coverage (the print media were hardly different), ‘and its access to the news and influence over it were still more limited’. (Herman and Chomsky 1988, p. 172)

Selective treatment of the information by the mainstream media contributed to the creation of limits to the debate about the Vietnam war. Decision-making subsequently happened within such bounds; once legitimacy of the war effort stands as a nonissue, the problems of interest become those of tactical efficiency in the battlefield. By enforcing the limits on criticism consistently enough, the field of personal decision shrinks contrary to what would be expected if one reads the guarantees of freedom of expression. While the *First Amendment to the United States Constitution* tells that “congress shall make no law . . . abridging the freedom of speech, or of the press,” it is not the congress here, but the journalists who confronted the recommendations of freedom of expression to whatever other consideration they may have deemed relevant, and decided that freedoms should be curtailed. It is not unexpected that the subsequent view of the events is distorted:

From the point of view of the media, or ‘the culture,’ there is no such event in the US attack against the South Vietnam and the rest of Indochina. One would be hard put to find even an [*sic*] single reference within the mainstream to any such event, or any recognition

that history could possibly be viewed from this perspective — just as *Pravda*, presumably, records no such event as the [1978–1989] Soviet invasion of Afghanistan, only the defense of Afghanistan against ‘bandits’ supported by the CIA. . . There was much debate during the [Vietnam] war over whether the North Vietnamese were guilty of aggression in Vietnam. . . but there was *no discussion* of whether the United States was guilty of aggression in its direct attack against South Vietnam, then all of Indochina. These intriguing facts reflect the overwhelming dominance of the state propaganda system and its ability to set the terms of thought and discussion, even for those who believe themselves to be taking an ‘adversarial stance’. (Herman and Chomsky 1988, p. 184–185; Herman and Chomsky’s emphasis)

The three cases of censorship – 1930s Russia, France’s monarchy, and the Vietnam-era USA – illustrate three different relationships of individuals to meta-advice and the mechanisms of consent. In Stalin’s Russia, the censor follows advice or meta-advice on what is desirable and what should be suppressed. Broad parallels are visible between the practices of the church and king in France, and those of the Stalinist apparatus. Both seek consent through violent reprimand, on gallows and in the Bastille in France, the Gulag in Russia. Both dispensed the meta-advice of dictatorship, although at different times and with different outcomes. Both found many individuals willing to follow the advice to known effects. While an optimist might hold the Universal Declaration of Human Rights high in the face of authoritarian rule, possibly going as far as to claim that the contemporary world has learned from past mistakes, self-censorship in the mainstream media tells otherwise.

Despite the differences in kinds of meta-advice and advice that may be dispensed within various forms of government, the problem of how to assess advice remains at least equally important to the individual under a democracy as under a dictatorship. What is constant in both of these forms is their aim to coordinate, so that dispensing both meta-advice and advice is a necessity. Whether the purposes of that coordination are acceptable to the individual, and whether the intended coordination will take place is within the realm of personal decision, i.e., depends on the individual’s assessment of advice and meta-advice. That it is a personal decision does not mean that he is somehow a neutral analyst who rationally considers all his alternatives and chooses whether to follow or ignore advice only on grounds of its content. The examples above pointed out that advice should be distinguished from meta-advice in such analysis, but they also illustrated a distance between these two and choice. Advice alone is certainly not enough to predict choice, as the diligent Nazi dictator knew when he felt obliged to cancel the various freedoms through constitutional amendment in form, and violence in fact. We have observed that advice and choice do seem to interact, in the sense that behavior of decision-makers in laboratory games is different to a statistically significant degree when advice is present than when it is absent. Any assessment will require the knowledge of not only the advice and meta-advice that are dispensed, but also other characteristics of the advice-giving context. To be successful in guiding the individuals to act as advised, the Nazi dictatorship modified the legal and law enforcement framework, thus creating a particular system of incentives. By restricting the freedom of expression and prosecuting its practice, dictatorial rule clearly conveyed to the individual that the exercise of freedoms will be compensated by violence, while obedience

will give more desirable effects. In this way, it not only dispensed advice and meta-advice, but also aimed to influence its acceptance. We see then that any analysis of advice and meta-advice cannot focus solely on these two, but must be open to considerations that are aimed to regulate the ingestion of (meta-)advice.

2.6 Advice in Economic Coordination

Definitions of economics from the end of the nineteenth and the beginning of the twentieth centuries placed emphasis on the study of phenomena through prices, the explanation of the concept and causes of welfare, or of the cooperation methods people use to meet material needs. In *An essay on the nature & significance of economic science*, Lionel Robbins, a twentieth century English economist, offered a broad definition that is still often repeated today. “Economics” he suggested “is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses” (Robbins 1942, p. 16). Some of the questions that we today see as clearly pertaining to economics were discussed as early as in Aristotle’s Greece, when he argued that coordination will be easier if the actions of the citizens are predictable. He saw shared virtues as necessary for predictability in affairs of exchange (Crespo 2008). While the complexities of managing trade and currencies were recognized in the period from the Gutenberg’s invention of the modern printing process in 1444 to the eighteenth century, economics develops as a proper field of inquiry of regularities with the physiocrats, David Hume and Adam Smith. In arguing that economic growth is determined by the land available for agriculture, the physiocrats recognized the importance of an appropriate, or optimal allocation of resources for growth (Muller 1978). There would be no worry about allocation if the resources were not rare. To justify private property, Hume tells us that it emanates from the scarcity of resources (Hume 1739–1740). Adam Smith talks of scarcity in relation to value: “. . .the value of. . .metals has, in all ages and nations, arisen chiefly from their scarcity, and that their scarcity has arisen from the very small quantities of them which nature has anywhere deposited in one place, from the hard and intractable substances with which she has almost everywhere surrounded those small quantities, and consequently from the labor and expense which are everywhere necessary in order to penetrate to and get at them” (Smith 1904, Book IV, Chap. VII).

When an individual calls onto the labors of others for the satisfaction of those needs beyond his own efforts, that is, when labor is divided and the economy specialized, some mechanism for the allocation of scarce resources is necessary. Not only will these scarce resources be the metals that Smith mentions above, but any result of labor, since most of the inputs necessary to labor are available in limited supply. Allocation and coordination go together only when the exchange of value takes place. In case a gift is given, that is, when the receiver of a scarce resource does not compensate the giver, there is no need for coordination other than what is necessary to arrange the transfer of the gift. When value goes both ways, so that

we can call the giver a seller and the receiver a buyer, allocation and coordination are inseparable. Since both participants in the exchange give away the products of their labors, each is forced to plan how to invest own resources. They are effectively asked to decide what, when, and in what quantity to offer and demand. Any such decision cannot be taken in isolation, independently of the information about the actions of the others with whom it may be relevant to exchange value. The mechanism of coordination will therefore dispense recommendations on courses of action. The allocation of resources will require the definition and distribution of advice to the individuals. We can consequently look at any mechanism for the allocation of scarce resources as a mechanism that produces and dispenses advice. We are in turn brought to ask what advice and meta-advice do dispense the usually discussed allocation mechanisms in economics, namely, allocation via central planning and via markets.

2.6.1 Central Planning

The growing material wealth of the consumers in the USA and Japan since the 1950s produced a rising demand for spiny lobster. While lobsters were not considered a delicacy in the nineteenth century, their culinary status kept improving (or worsening, as it depends on the perspective) and led countries rich in their habitats to organize catch and export. In a study of how the Cubans organized the fishing of the spiny lobster since 1975 (Joyce 1997), Ian Joyce, a geographer, illustrates the approach of central planning to the allocation of scarce resources and the associated task of coordination.

After announcing the intention to introduce economic efficiency into state enterprises, Fidel Castro's regime formed the Ministry of Fishing Industry (MFI). The Ministry took the responsibility of all planning, regulation, and production in all of Cuba's fisheries, which meant that it basically had to deal with all tasks that are related to the natural marine products. This included the direction of import and export, the actual fishing and distribution, and the buying and maintenance of all fishing equipment. From the moment the fish is caught, to the moment it is delivered to a kitchen or store, the beast goes only through the hands of the MFI employees. The most obviously scarce resources were the fishing zones and the fishing gear, including vessels. Since the MFI sought efficiency, it intended to avoid overfishing to protect the lobster stock. As a central planner, the Ministry split the fishing areas in zones and distributed the exclusive rights to these to the various local fishing enterprises. The exclusive rights made it unnecessary to improve the technology of fishing, for there is no competition; the clarity and shallowness of the water make the traps visible without advanced equipment on the vessels. There were in 1988 some 1,200 fishermen operating the vessels. Each received a base wage, owned neither the vessel nor equipment, and was eligible for bonuses if the goals of catch weight and quality were met; the goal depended on the previous 5 years' experience, gear, zone, vessel, species caught, and crew size. To regulate the fishing of lobsters, the

closed season was observed to reduce the interference with reproduction and allows growth. Inspections were also practiced to enforce the minimal legal size of the lobsters. The entire enterprise relied on the expertise of the Fisheries Research Center, which as a part of the MFI studied the fishing zones, the data from the fishing enterprises, and participated in the definition of regulations. A biologist worked at each lobster enterprise and liaised with the research center.

What we see from Joyce's study is that the MFI acts as a central planner in the principal activities involved in organized fishing. From the data on the technologies available for the task at hand, evaluations of the productivity of these technologies, the available natural resources and whatever other information its members deem relevant, it determines who will do what, how, and when in the catching, processing, and distribution of marine organisms in the Cuban territorial waters. In doing so, it dispenses advice to every fisherman it employs. Consent is obtained through the employment relation: the salary that the fisherman receives buys his consent, or equivalently, the absence of consent to the advice that the MFI dispenses means the absence of the salary.

If it is the advice of the central planner, combined with mechanism of consent that coordinate the activity, where is meta-advice in central planning? In discussing dictatorship, we extracted meta-advice from the ways it seeks consent to the advice the government dispenses. If the ways in which consent is sought are such that they ban the public assessment of the planner's advice, then the central planner effectively dispenses the same meta-advice as the dictator. Consider again the situation of the individual Cuban fisherman since 1975. We said that his consent to the planner's advice is sought through the salary. If we ask what would happen if he were to question the planner's advice, we can see clearer the planner's meta-advice. The salary is certainly not the only means for obtaining consent, although it is the most obvious in this case. Since the fishing zones are distributed and the MFI aimed at managing all activities related to fishing, the fisherman really has few options besides following the advice of the MFI. He could either engage in illegal fishing, or stop fishing altogether and work in another industry. Neither of the two options can be taken as public announcements of his independent assessment of the planner's advice. If he chooses to specialize in another industry, he will be in the same situation as long as that other industry is organized by a central planner. As the 1959 Cuban Revolution was a "communist revolution," we can safely assume that any industry other than fishing was centrally planned given that communism relies on such planning for coordination. A move between industries will not change the fisherman's ability to question the advice that a central planner gives, since he will simply replace one planner with another. If the fisherman chooses illegal fishing instead, he is not explicitly questioning advice. We can only conclude then that the central planner's advice cannot be questioned and thereby observe a parallel – in terms of meta-advice alone – of central planning as an allocation mechanism and dictatorship as a form of government.

In introducing meta-advice earlier, we said it is any recommendation that speaks about other advice. By observing that the central planner dispenses meta-advice that forbids the questioning of advice, we considered only one kind of meta-advice,

namely one that states whether the independent assessment of advice can be publicly performed and announced. We can of course be interested in other meta-advice.

Any way of allocating scarce resources must provide meta-advice about the distinction between the appropriate and inappropriate advice. Roughly speaking, there must be some meta-advice that says what qualifies as “good” and what as “bad” advice.

Consider the question of whether the Cuban fishermen should own the vessels and the tools of their trade. In the arrangement that was observed by Joyce, they do not. The fishermen only use the vessels and tools owned by the state fisheries, which begs the question of why the Ministry advises fishermen against private ownership. Equivalently, this is to ask what meta-advice the MFI follows to consider private ownership as inappropriate and recommend state ownership instead. Consider the following two hypothetical, but plausible explanations; it is actually unimportant whether they would effectively be given by the MFI if asked, as we are only interested in the differences between the two.

- Before the state enterprises owned and manufactured the vessels and tools, few fishermen could afford to buy, build, or rent them. The quantity of fish caught was significantly below what could be exported at profit and what was believed that the sea could provide without exhausting the natural resources. Consequently, the vessels and tools were produced by the state and remained in the ownership of the state, while the fishermen were employed to operate them.
- The Cuban revolution of the 1950s led to a form of government that intended to realize at least some of the ideas advocated by Karl Marx and Friedrich Engels in mid- and late nineteenth century. Che Guevara argued that the aim of the revolution was to fight against not only misery, but also “alienation” (Hollander 1988), whereby the latter term is used presumably in the sense that Marx gave to it. Before Marx, Rousseau, Hobbes, and Locke used alienation to describe a positive phenomenon through which the individual obtains personal freedom, while in twentieth century research in sociology after Marx, it has been associated with attitudes of loneliness, apathy, powerlessness, and loss of values (Twining 1980). Although the term is not very consistently or clearly used in Marx’ manuscripts (Williamson and Cullingford 1997), alienation seems to designate both a state of an individual being removed from his work and the products of his work and the process by which this happens. The removal seems to occur because the (factory, assembly-line) worker is given such a limited responsibility in his repetitive task that he fails to express and develop own inventiveness and creativity and is distant from the final products of the labors to which he contributes. For Marx, alienation cannot be countered without the abolition of private property (Churchich 1990). His argument seems to be that if the tools of production are in private property, the worker does not decide how he will use these and will not own the product of his efforts. Distributing the tools of production to workers solves nothing in this perspective, since it allows any worker to engage another worker and place the latter in the same situation. As a consequence of this idea, private ownership of the fishing vessels and associated tools would lead to alienation, so that state ownership is recommended.

In the first explanation above, we could assume that some analysis was done of the fishermen's financial conditions and of the fishing resources to provide the basis for the argument: the fishermen cannot use to full capacity the natural resources (i.e., they could catch more if they had more vessels), and since they are poor, they cannot afford new vessels. Hence, the state chooses to manufacture and own the vessels. Observe that the meta-advice, which performs the discrimination between desirable (i.e., state-owned vessels) and undesirable (i.e., fishermen own the vessels) advice here, seems to be considerations of feasibility and efficiency. To recommend to fishermen that they should not own vessels and tools is explained by saying that they cannot buy or build them since they are poor (i.e., it is not feasible to have fishermen build their own vessels), and to leave the situation as-is would mean that the seas are under-exploited (i.e., it is inefficient to have a fishing industry, which under-exploits the resources). The meta-advice thus says that any solution that is feasible is preferred to any solution that is evaluated as infeasible, and any solution that is evaluated as more efficient than another is preferred to that other solution.

Meta-advice that recommends efficiency and feasibility over their opposites cannot be the only meta-advice that lead to the recommendation for state-ownership over another solution. A bank may estimate the future revenues from fishing as sufficient for a fisherman to pay a long-term loan for a vessel. A ship-builder would produce the vessels, the fisherman would purchase it with the money lent from the bank, and the bank would collect part of the revenues of the fisherman over some period of time. If the bank does not deem the fisherman worthy of credit, the state could intervene as a guarantor for the fisherman, but it need not own the vessels. We could invoke, say, the sustainability of the exploitation of marine resources: if the fishermen own the boats, then the state will have less control over how much is caught, when and by whom, being consequently obliged to police the seas.

We cannot identify in the first of the two explanations above the meta-advice that alone tips the scale in favor of state over private ownership of the fishing vessels. We hypothesized that efficiency, feasibility, and sustainability may favor the recommendation that state owns the vessels, given the situation of the fishermen. However, none of these meta-advice allow us to immediately favor ownership by the state. Things are much less open to interpretation in the second explanation, where the notion of alienation is linked to private property. There, meta-advice comes from Marx' manuscripts, as interpreted by the Cuban revolutionaries, and says quite clearly that private ownership should be avoided. Such meta-advice sharply discriminates between any advice that favors private ownership and some other arrangement: to accept such meta-advice leads the individual to reject any advice (be it about fisheries, factories, or agricultural land) that recommends private ownership of productive means. Observe the extent to which this sort of meta-advice simplifies decision-making: what matters only is that the individual doing the work is not the owner of the tools he uses, and that effectively no other individual owns them to the extent that he can employ other to work for him (since this will, if you accept Marx' argument, alienate the worker). What industry this may be, what natural resources it may be using, and what small or large investment the productive technology may require are all considerations that become entirely irrelevant

once the said meta-advice is adopted. Its adoption literally eliminates the necessity to think about any problem of private property at all. This does not mean that accepting meta-advice somehow solves the problem of whether the workers should own the productive means. Instead, that meta-advice places a number of alternatives (say, the private ownership of vessels, or of agricultural land) outside the bounds of decision-making: private ownership becomes an unacceptable alternative, whatever the industry.

Central planning in Cuba in the 1960s gives many more illustrations of meta-advice that aims to guide the evaluation of alternative advice. The Cuban economic system put in place in the 1960s through the Ministry of Industry, and referred to as the “centralized budgetary system of finance” had several important characteristics (Valdés 1979). The first is that centralization of decision-making was taken as far as it could go: after the means of production were socialized across all of agriculture and industry (i.e., taken from private and placed into state ownership without compensation to previous owners), all of economic planning, decision-making, and administrative tasks were placed under the responsibility of one authority. The second trait was the centralization of financial resources, so that every state enterprise withdrew the money it needed directly from the central bank and paid no interest on it; whenever the enterprise deposited amounts to its account, these automatically belonged to the state and could be withdrawn by any other state enterprise. Third, there were no cash transactions between enterprises. The exchange between state enterprises happens according to a plan and involves no cash. The entire economy roughly resembles a large firm, inside which no monetary transactions occur between departments. Fourth, prices were set by state planners by adding production costs (raw materials, wages, distribution, etc.) to a proportion of public investment in health, education, and so on. Finally, production quotas were set for all workers, and wages were paid in the proportion of the quota that the worker met. Che Guevara summarizes the aims of such policies as follows: “With respect to material interest, what we want to achieve with this system is to prevent the lever from becoming something that compels the individual, as an individual, or the collective of individuals, to struggle desperately with others so as to bring about certain conditions of production or distribution that would accord them special privileges” (cited in Valdés 1979, p. 15). As Nelson Valdés, a sociologist and historian of Latin America, observes in relation to this quote, the expressed aim is to build a society without relying on notions of market, profit, and material interest (Valdés 1979). Guevara’s meta-advice is that any advice that fosters competition between individuals is unacceptable. The Cuban economy did not remain such for a long period, as the Che Guevara’s centralized budgetary system of finance was replaced by Fidel Castro’s decentralized budgetary system, in which there was more emphasis on local state enterprises, in that central planning was replaced by regional planning, and prices were no longer set on the basis of production costs and similar considerations; they were revised to make the bare necessities more accessible to the population, and some products were distributed free of charge. Wages were no longer paid according to the quantity or quality of output, but were left for worker assemblies to decide. After 1968, education, health care, housing, and childcare were all free, and there

were no taxes. Matters changed subsequently again, as we saw from the fishing enterprises, who did pay wages according to quotas and did provide incentives as bonuses. Advice and meta-advice changed in each period.

2.6.2 *Market*

At the annual meeting of the Boards of Governors of the World Bank Group and International Monetary Fund on 29 September 1981, Ronald Reagan, in the role of the 40th president of the USA at the beginning of his first term in office spoke of the market as of a mystifying phenomenon: “The societies which have achieved the most spectacular broad-based economic progress in the shortest period of time are not the most tightly controlled, not necessarily the biggest in size, or the wealthiest in natural resources. No, what unites them all is their willingness to believe in the magic of the marketplace.” Although this last remark is a figure of speech, it is actually not out of place. The term “market” is typically used to refer to a place where buyers and sellers can exchange goods and services. This mechanism of coordination has developed over (at least) the last seven millennia, from the physical trading places where different tribes and members of early civilizations met, to the modern markets that do not require the physical meeting of the trading partners. The relevance of a physical location for a market seems to vanish together with the hopes of a theory of markets that would incorporate various insights offered mainly in economics, sociology, law, and history into the functioning of this phenomenon (Swedberg 1994). It is hardly only Reagan who was puzzled by the workings of markets.

When we contrast a market with a central planner, such as that of the Cuban economy, what appears puzzling is that a market manages to coordinate buyers and sellers without an identifiable central planner. Coordination through the market is not based on the choices of a single decision-maker, but occurs through the interplay of decentralized decision-making of potentially many buyers and sellers. While it is clear who dispenses the information relevant for coordination in the case of the central decision-maker, who dispenses advice seems less obvious in the market.

For the economist, a key feature of the market is that it sets the price at which the buyers are willing to buy and the sellers are willing to sell. At such a price, the market is said to clear. In the essay on *The Nature of the Firm*, Ronald Coase (1937), a British economist cites Hayek to illustrate a way to think of the economy as of a system coordinated by prices, and explains:

... in economic theory, we find that the allocation of factors of production between different uses is determined by the price mechanism. The price of factor A becomes higher in X than in Y. As a result, A moves from Y to X until the difference between the prices of X and Y, except in so far as it compensates for other differential advantages, disappears. (Coase 1937, p. 387)

What Coase describes is the process that leads a profit-seeking individual to reallocate factors of production whenever the opportunity for higher profit presents itself. If he can make more out of A in X than in Y, the economist expects him to move from Y to X. The individual, an entrepreneur seeks in prices the coordinating information, which he subsequently uses in choosing how to allocate own resources: “In drafting their plans the entrepreneurs never make these prices enter into their calculations without paying regard to anticipated changes. The prices of the immediate past are for them only the starting point of deliberations leading to forecasts of future prices” (von Mises 1966, p. 336).

To the extent that a price recommends a course of action, it can be thought of as advice. If we take, as Coase above, that the individual aims for profit-maximization, then the current price of, say an input to his production process will be a relevant starting point to estimate his production costs. The current price will be necessary to decide whether to buy, and this whenever the resources available for the purchase do not render the price completely irrelevant. Of course, we need not go so far to see what kind of action a price recommends. If we make the less ambitious assumption that the individual simply thought before coming to the market about the maximal price he is willing to pay, then the market price will advise to buy if the market price is below the maximal price the buyer is willing to pay; otherwise, the market price advises the buyer against the purchase. It is not necessary to assume profit-seeking for the market price to act as advice.

While the meeting of the buyers and sellers, and the setting of a market-clearing price may be enough to depict the basics of a market, much more is needed for the actual exchange to take place. Early development of commercial law is illustrative in this respect (Swedberg 2003). With the rapid growth of the Western agriculture and trade in the eleventh and twelfth centuries, merchants organized markets and fairs and in the process developed their own laws to regulate the buying, selling, transport, and insurance of goods. As Harold Berman, an American legal scholar, argues, a central element of the mercantile law was the principle of reciprocity. The buyer parts from money, and the seller from the goods sold, while both expect to be better off after doing so. Moreover, there must be some equality in burdens and benefits, which as Berman observes has two additional aspects. The first requires that both parties enter the exchange “without duress or fraud or other abuse of the will or knowledge of either party” (Berman 1983, p. 344). The second requires that the exchange must, even if entered with will and knowledge, neither impose on a party the costs that are significantly disproportionate to the expected benefits, nor be disadvantageous to third parties or society. Rules were enforced via courts formed at markets and fairs. Judges were merchants elected by their fellows present at the market or fair. While price may be one advice dispensed by the market, the legal codes surrounding the market enable its existence by advising the parties on how to enter and relate to each other in a transaction. Enforcement then aims to ensure the consent to the legislated advice.

To see that prices provide one kind of advice on the market and that the market’s legal cadre — say, *lex mercatoria* from eleventh century on — and the prices as

advice begs the questions of if, how and what meta-advice may be dispensed on a market along with prices and legal recommendations.

Meta-advice dispensed with the recommendations of *lex mercatoria* is visible from our earlier discussion. Since the early commercial law places the principle of reciprocity in exchange as its central element, it must dispense meta-advice that will, given advice that differ in terms of the fit with the chosen notion of reciprocity, recommend one of these alternatives. If the seller sets a price that is significantly disproportionate to the benefits that the buyer should expect, the meta-advice that arises out of the principle of reciprocity will state that this price is an inappropriate advice since it violates reciprocity.

Consider then the meta-advice that may speak of prices. Any exchange involves a bidirectional transfer of value, regardless of what may be exchanged. If not, then either there is no need for exchange in the first place, or the basics of *lex mercatoria* would be violated (such as when value moves only in one way). If we then take the mainstream perspective of contemporary economics, which, as Coase observed (Coase 1988), is predominantly concerned with the role of the market as a way to set prices, then the value that any party in the exchange gives away is measured by the price. This does not mean that the value perceived by some individual equates to the value that the price estimates, but only that the market effectively provides no other measurement of value. Where is meta-advice then? Since the market sets a price at which the exchange happens, the market states two recommendations about the price itself: (1) instead of any other price, use the market price for the transaction, and (2) in place of any other price, use the market price as an estimate of the value of the product or service being exchanged. It is trivial to observe that no market will coordinate the individuals if these two meta-advice are not accepted by these same individuals. Rejection of the first meta-advice may lead the market participants to fix the price in a different way than the market, say by private negotiations, or by way of auction. If some individuals reject the second meta-advice, they will need to seek another way to estimate the value of the products and services that they are buying and selling. They may consider that the price should be determined to render the product or service accessible to most, as Fidel Castro did when his economic policies reduced the price of bare necessities regardless of their production costs, or tie the price strongly to the production costs, as Che Guevara did in the Cuban economy before Castro took over.

To reject the price that is set by the market does not necessarily mean that we reject the meta-advice dispensed by the market. A price may be contested on grounds that the market is distorted, as when there is one monopolist seller or few sellers who form an oligopoly, that is, set the market price by an agreement between them. Meta-advice remains standing in such cases, since the aim of the criticism of price may be precisely to eliminate the actual advice that contradicts the accepted meta-advice: a price that is set by agreement of several sellers is effectively not a market price formed by the choices of many different sellers and buyers.

2.7 Homo Follis

As one of the more interesting movies of the 1990s, many remember rather fondly the 1994 comedy drama *Forrest Gump* for Tom Hanks' depiction of its main character of the same name, a naïve anti-cynic, hopeful against all odds, whose paltry IQ is no obstacle to a multicareer lifetime of sports stardom, warfare heroism, shrimp tycoonism, and fatherhood. We see through him a counterintuitive, though soothing image of the unlikely American Dream, in which a pragmatic and silly everyman meets wealth and shows arresting insight as an accidental pop-philosopher, who manages to convey folkloric wisdom in such a legendary phrase as “sh—t happens” after stepping into excrement on a transcontinental run without a cause. One of his less-appreciated talents seems to be the exceptional absence of a critical attitude toward the recommendations he is given. At some point in the story, the movie script puts him in the army, facing a shouting drill sergeant, the latter resembling here a politically correct and less expletive-laden tribute to Stanley Kubrick's *Gunnery Sgt. Hartmann* of *Full Metal Jacket*, a 1987 war drama:

Drill Sergeant: Gump! What's your sole purpose in this Army?

Forrest: To do whatever you tell me, Drill Sergeant!

Drill Sergeant: Goddamnit, Gump! You're a goddamned genius! That's the most outstanding answer I've ever heard. You must have a goddamned I.Q. of a hundred and sixty! You are goddamned gifted, Private Gump!

The Drill Sergeant moves down the line to the next man.

Drill Sergeant: Listen up, people. . .

Forrest (voice over): Now, for some reason, I fit in the Army like one of them round pegs. It's not really hard. You just make your bed real neat and remember to stand up straight.

Drill Sergeant: That is one very intelligent individual! You lock your scuzzy bodies up behind that private and do exactly what he does and you will go far in this man's army!

Forrest (voice over): And always answer every question with “Yes, Drill Sergeant!”

Drill Sergeant: Is that clear?

Forrest and recruits: Yes, Drill Sergeant!

The scene is one of many that highlight a recurring paradox in the movie, where the unintelligent character unexpectedly goes straight to the point, a surprisingly wise everyman of sorts. Forrest seems to have got the spirit of the military service right from his very first days in the barracks: he acknowledges that he will take any advice from his superior, and more importantly, he does so by acknowledging his acceptance of the meta-advice that the military dispenses. Do as you are told and confirm that you understand what you are told so that others know what you will do. Mechanistic coordination at its best. The scene is of course ironic, as it should be. Nevertheless, it helps us here to point out again the distinction that exists between advice and meta-advice, and the basic argument that this chapter substantiated: namely, that how an individual assesses advice is a determinant of his relationship to and position within societies' coordination mechanisms and thereby within the political, economic, legal, and other realms.

That Forrest accepts the military's meta-advice does not mean that he cannot reflect on the merits of such a recommendation even as he follows it. The individual who does not exercise an independent assessment of advice and meta-advice that he receives is not so different from a Forrest Gump without a movie script. Forrest can passively take events as they come, for it is the script that organizes the consequences of his choices, guaranteeing him success after occasional failures so that the audience takes away some pleasure out of the viewing. We know even as we watch the movie for the first time that the army will not take him to injury or death, but we know nothing of the sort for any real-world recruit entering the compulsory military service in, say Israel or Colombia. In the absence of the script, a Forrest Gump is reduced to what the cynic sees all along in the main character of the movie, namely naivety and intellectual passivity. Neither is laudable.

It is hard to say if Carl Linnaeus was being ironic when he coined the term *Homo sapiens* in the mid-eighteenth century, the Latin for wise/knowing human being. It is a name appropriate neither for a scriptless Gump nor the destructive revolutionary living the illusion that a few cuts of the guillotine, or a red booklet will magically alleviate all that she may deem undesirable in either thoughts or acts of others. If neither of these supposed extremes warrants Linnaeus' designation, is its object to be sought somewhere along the continuum? The usual response would be to say that things are complex, that any account of any position along that fictive line would only be a crude generalization. But what if there is really no complexity, that the two are no opposites at all? Undoubtedly different in many respects, the Gump and the revolutionary are nevertheless very close in that one crucial respect: both will do just as they are advised – where Gump follows the Drill Sergeant, the revolutionary obeys the spiritual or intellectual guide. If the latter complains to this trivial observation, he should consider another trivial observation – hardly one lacking material evidence – that many a tyrant started off as a dedicated and seemingly benevolent revolutionary, a critic of the ideas and deeds preceding his own.

If not cases of *Homo sapiens*, what are the Gumps and the seemingly intellectually and otherwise sophisticated – pick your own, one or more of – Capitalist, Liberal, Ecologist, Marxist, Maoist, Libertarianist and so on, if not instances of *Homo follis*?⁵ That of course is a generalization, but one that does not miss the point: the interesting opposition is not between the Gumps and the revolutionaries, it is between both of them – *Homo follis* – and perhaps *Homo diligens*, from Latin for careful, diligent. Careful and diligent in the assessment of advice he dispenses and accepts, a *Homo diligens* would be an individual who does such an assessment not from the position of the absolutely independent and inactive critic, but while understanding that coordination, and thus the taking of advice is required for

⁵ “The pejorative nature of the term fool is strengthened by a knowledge of its etymology. Its source, the Latin word *follis*, meant ‘a bag or sack, a large inflated ball, a pair of bellows.’ Users of the word in Late Latin, however, saw a resemblance between the bellows or the inflated ball and a person who was what we would call ‘a windbag’ or ‘an airhead.’ The word, which passed into English by way of French, is first recorded in English in a work written around the beginning of the thirteenth century with the sense a foolish, stupid, or ignorant person.” (Anonymous 2000a)

coordination to happen, and some of his own desires to be satisfied. As no advice is in itself closed to critique, and any advice and coordination mechanism is amenable to change, the *Homo diligens* position remains a tenable one, thereby justifying the pejorative sense of *Homo follis*.

That the *Homo diligens* may be a desirable position is not so common a thought as it may seem. The dictatorship, the polyarchy, and whatever is in-between all coordinate more easily when dealing with the *Homo follis*. To systematically kill, as the Nazi party did in the Second World War, either Gumps or revolutionaries will do, but the latter will be more efficient: the former will simply obey, while the latter will work with zeal, believing in the righteousness of the act they have been advised to perform. But this is hardly confined to reigns of terror (e.g., Herman and Chomsky 1988): as John Locke, a seventeenth century English philosopher, wrote, “you may as soon hope to leave all the day laborers and tradesmen, the spinsters and dairy-maids, perfect mathematicians, as to have them perfect in ethics this way: having plain commands is the sure and only course to bring them to obedience and practice: the greatest part cannot know, and therefore they must believe” (Locke 1696). Interestingly enough, he was a philosopher of Enlightenment, one of the promoters of the notion that a government cannot rule without the consent of the governed. While there must be consent, it seems, that consent will need to come out not of diligent reflection, but from injunction. Facing an injunction, *Homo follis* will blindly follow, while a *Homo diligens* would reflect to determine the extent to which the advisor can be influenced, his advice changed, all the while the advised will remain well aware of his interest in coordination to take place toward the achievement of his own aims.

The division of physical and intellectual labor continues to advance, and specialization follows. An individual who specializes acquires knowledge that is most relevant for the decision situations related to his specialty. As a consequence, the specialist will revert to the generalist, a layperson any time he is asked to choose outside of his own specialty. Any variant of polyarchy will ask the specialist to revert to the generalist at least any time there are elections, or some tool of direct democracy is used. To the specialist in coordination, say, a politician, a manager, the problem then seems to be one of knowing whom he is governing, *Homo follis* or *Homo diligens*, and if one follows Walter Lipmann’s arguments, to transform the latter into the former:

In the absence of institutions and education by which the environment is so successfully reported that the realities of public life stand out sharply against self-centered opinion, the common interests very largely elude public opinion entirely, and can be managed only by a specialized class whose personal interests reach beyond the locality. This class is irresponsible, for it acts upon information that is not common property, in situations that the public at large does not conceive, and it can be held to account only on the accomplished fact. (Lippmann 1922, p. 195)

To the other specialist, the one that the politician sees as the subject, the manager as the managed, the problem is very much the opposite and a difficult one. Her reversal from the specialist to the generalist will take place much more often, as many choices other than those related to the individual’s specialty are continually

expected. In any such situation, advice and meta-advice will be available and they need to be assessed.

To recognize the unstoppable advancement of specialization is to see that the pressing issue becomes how an individual can analyze advice and meta-advice when these are beyond his own specialty. Stakes are not negligible, at play is his status as either a *Homo follis*, a *Homo diligens*, or perhaps even a *Homo sapiens*. Active participation in the game requires an understanding of the interplay between the advisor and the advised, of the difficult and hardly obvious issues that arise in that interaction, and of the fundamental tradeoff between the necessity to coordinate and really the only way to seriously approach advice giving and taking, that is, by a thorough, careful, diligent, and deep analysis of both the advice one dispenses and receives. The aim is to spell out the foundations of such an analysis in the ensuing chapters.