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# Humanomics and Rational Irrationality: Why Moral Sentiments May Make Voting Biases Worse

**JORDAN K. LOFTHOUSE**

Mercatus Center at George Mason University

**Abstract:** The growing literature in “humanomics” provides a nuanced way to understand and predict human behavior by including both self-interest and other-regarding sentiments. Recent literature has begun to connect humanomics with public choice economics, but the concept of “rational irrationality” is underexplored from the humanomics perspective. In the theory of rational irrationality, voters rationally hold systematically biased beliefs because (1) their vote is highly unlikely to be decisive and (2) the feedback mechanisms from voting ineffectively discipline the biased views. Thus, voters widely accept mistaken ideas, such as underestimating the benefits of the market system, overlooking the economic benefits of interacting with foreigners, misunderstanding the nature of conserving labor, and being overly pessimistic about current economic conditions. This paper makes a novel theoretical argument that the combination of humanomics and public choice theory implies that the pathologies of rational irrationality are—or are likely to be—even more socially detrimental than the standard theory would predict. In other words, the assumptions of humanomics exacerbate the biases of rational irrationality in voting. Future research should examine the empirical reality of these theoretical claims.

**Keywords:** Humanomics, Moral Sentiments, Public Choice, Voting, Rational Irrationality, Cognitive Biases

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## 1. INTRODUCTION

The “humanomics” approach combines insights from Adam Smith’s two books, *The Wealth of Nations* and *The Theory of Moral Sentiments*. *The Wealth of Nations* focuses on the self-interested nature of humans and how people engage in the division of labor, specialization, and mutually beneficial exchange to become more prosperous (A. Smith 1982a). From that foundation, subsequent economists have developed more elaborate theories of human behavior and market functioning. However, economists have long neglected Adam Smith’s (1982b) other book, *The Theory of Moral Sentiments*, which argues that humans are motivated by fellow-feeling and make decisions based on moral considerations. Nobel Laureate Vernon L. Smith and Bart J. Wilson (2019) pioneered the humanomics approach to merge the insights from Adam Smith’s two major works, allowing economists to bridge the gap between self-interest and empathy. Thus, real-world humans have complex, multifaceted motivations that must be factored into economic analysis.

The literature in humanomics is growing, and recently, scholars have begun to apply the insights from humanomics to public choice economics (Thomas and Thomas 2025; Mitchell, Nesbit, and Wagner 2025; Yonk et al. 2025; Martin and Swisher 2025). Public choice economics applies the assumptions, theories,

and methodologies of economics to the political realm. Public choice has been called “politics without romance” because it assumes that political actors, including voters, special interest groups, politicians, and bureaucrats, are rationally self-interested (Buchanan 1999; Tullock 2004). An underexplored topic at the intersection of humanomics and public choice economics is the concept of “rational irrationality” in voting. This paper asks the following question: How does a humanomics perspective illuminate or refine our understanding of rational irrationality?

Economist Bryan Caplan (2001, 2007) developed the theory of rational irrationality as an extension of the logic of rational ignorance. From the traditional public choice perspective, voters are assumed to be rationally ignorant about political candidates and public policies because individual voters have an infinitesimally small probability of being decisive in electoral outcomes. The opportunity cost of becoming informed about candidates and policies is higher than the expected benefits, so voters act rationally by paying little, if any, attention to politics. Caplan extends the logic of rational ignorance by arguing that voters are more than just rationally ignorant. In fact, voters hold systematically biased beliefs about politics and public policies, making them rationally irrational. Voters incur low personal costs for the beliefs they hold when they go to the voting booth due to a lack of direct feedback. Thus, voters face weak incentives to critically evaluate their beliefs or avoid biases, leading to socially unproductive policies. Caplan emphasizes four kinds of rationally ignorant biases in his book *The Myth of the Rational Voter*: antimarket bias, anti-foreign bias, make-work bias, and pessimistic bias. As Caplan (2007, p. 18) argues, “In real-world political settings, the price of ideological loyalty is close to zero. So we should *expect* people to ‘satisfy’ their demand for political delusion, to believe whatever makes them feel best” (emphasis in original).

There is little theoretical or empirical research at the intersection of humanomics and rational irrationality in the public choice literature. This paper’s unique contribution is to provide a preliminary step in theorizing the implications of this combination. This paper argues that a humanomics approach to public choice implies that the pathologies of rational irrationality are—or may likely be—even more socially detrimental than standard public choice would predict. In other words, if voters are rationally irrational and they are motivated by moral sentiments, then the biases of rational irrationality might be worse than previously expected. In terms of antimarket bias, voters may view profits and market-driven outcomes as exploitative or harmful rather than socially productive, and sympathetic feelings to “losers” in market dynamics may exacerbate antipathy toward markets. In terms of anti-foreign bias, voters may increasingly marginalize foreign people because they are sympathetic to their fellow in-group citizens, rather than far-away outsiders. In terms of make-work bias, voters may support policies that protect inefficient industries to “save jobs” because losing one’s job is unfair, but artificially making work reduces overall economic productivity. In terms of pessimistic bias, negative feelings are often much more strongly motivating (see A. Smith 1982, pp. 34-38), and voters’ pessimistic bias becomes stronger when they perceive the salient economic hardships around them.

Caplan’s critique of how rationality is portrayed and operationalized through institutions is similar to the humanomics approach pioneered by Vernon Smith and Bart Wilson. In particular, Wilson’s (2024) conception of human conduct includes not only the descriptions of observable behavior but also the normative component of human choice. Caplan uses survey data to demonstrate that there are biases in voting, but a more humanomics approach leads us to explore the reasons why those biases might exist in the first place—namely, our moral sentiments. Social scientists, therefore, must take Caplan more seriously after thinking about the connections between rational irrationality and moral sentiments.

This paper is only a preliminary step in applying a humanomics approach to rational irrationality. Future research should elaborate on the theoretical claims and also empirically examine them. If the theoretical claim is true that voters’ rational irrationality is made worse due to their moral sentiments, then there are some damning implications about collective decisions made through voting. The formation of public policy via popular elections and referenda may have more pathologies than otherwise assumed. Political economists and political scientists should factor this into their normative and positive analyses of democratic systems.

This paper proceeds as follows. Section 2 reviews the main arguments of humanomics, public choice economics, and rational irrationality. Section 3 combines the insights of humanomics and rational irrationality to argue that cognitive biases associated with voting may be even more pathological when moral sentiments are factored into the analysis. Section 4 expands on the implications of this research.

## 2. HUMANOMICS, PUBLIC CHOICE, AND RATIONAL IRRATIONALITY

In the vein of Adam Smith's *The Theory of Moral Sentiments*, Vernon Smith and Bart Wilson (2019, p. 29) observe that "human beings spontaneously and mutually sympathize." Further, V. Smith and Wilson (2019, p. 11) argue, "The core message we develop from *Sentiments* is that humans are other-regarding in their personal interactions because we learn to follow rules of conduct that permit us to live in the company of our fellow human beings. Such rules are situation-sensitive to the effect of our actions on the benefits and hurts of others, as well as to our own self."

The purpose of the humanomics approach is to improve understanding and predictive power when analysts factor in individuals' complex motivations, influenced by both self-interest (the focus of traditional economics) and other-regarding behaviors (rooted in moral sentiments). The neoclassical framework of utility maximization may be a useful approximation to understand human behavior, but it lacks nuance. As V. Smith and Wilson (2019, p. 5) assert, "If the modern economist espouses naked self-interest as the foundation for economic decision-making, she does so incompatibly with the founder of the discipline and generally with the genius of the Scottish Enlightenment." In short, modern positivism has "de-anthropomorphized behavior and, in doing so, foreclosed the feeling-thinking-knowing theme in *Sentiments* as an accessible path to understand human conduct" (V. Smith and Wilson 2019, p. 36).

Thus, the humanomics approach is focused on explaining "how [Adam] Smith's more elaborate psychological and physiological framework of feeling informs how we think about insights in modern economics. Behavioral economics is an explicit modern attempt to reintegrate feeling into economic models" (V. Smith and Wilson 2019, p. 27). The goal of incorporating Adam Smith's insights on moral sentiments into economics analysis is to better "explain and generate testable predictions for why people do what they do" (*ibid.*).

The concept of humanomics is relatively new, and a growing number of scholars are refining and extending the approach (see Shughart, Roy, and Yonk 2025). Empirical evidence, both real-world and experimental, shows that humans cooperate more often than traditional neoclassical models predict. There is no need to reject the utility-maximization concept that underpins traditional neoclassical economics, but a humanomics approach can be a helpful complement to traditional economic models. By incorporating social, cultural, and psychological dynamics, a more nuanced understanding of human experience can be used to explain and predict social phenomena, especially phenomena that are not easily explained or predicted by mainstream economic approaches.

Public choice economics is ripe for incorporating the social, cultural, and psychological dynamics that humanomics has to offer. Thomas and Thomas (2025) argue that if the humanomics approach improves predictions of behavior in markets, it can also help us better understand human behavior in politics. Thomas and Thomas logically conclude that analyzing behavior in the political sphere must include both self-interested and other-regarding motivations. For instance, in terms of voting, individuals choose to vote largely because of social norms and the desire for social approbation, not because a vote will be decisive in an election. Another example is rent-seeking, which is common in nearly all democratic societies, but we observe less rent-seeking than might otherwise be expected because of moral constraints on blameworthy actions. Additionally, because real-world actors blend self-interest with moral justifications, political coalitions are stronger than a traditional economics approach might expect.

In a similar vein, Yonk et al. (2025) explore how a humanomics approach might improve the policymaking process. By identifying the motivations of morally cognizant and fellow-feeling humans, the formation and evolution of public policy will be more accurate and realistic. For example, Yonk et al.

highlight the case of blood donation in the United States. With few exceptions, the medical blood supply is legally required to be given by uncompensated volunteer donors. A question arises regarding why people donate blood if they cannot be directly compensated. With a humanomics approach, we see that people's decisions are, at least in part, influenced by sentiments such as praise-seeking and reciprocity, as well as avoiding shame. Blood donors appear to be motivated by the beneficence described by Adam Smith, even when they incur costs in terms of time and physical discomfort.

Public choice scholars are often concerned with lobbying, as one of the most common forms of rent-seeking. Mitchell, Nesbit, and Wagner (2025) examine how humanomics improves our understanding of the relationships necessary for successful lobbying. Successful lobbying is frequently based on a long-run relationship between the lobbyist and the individuals being lobbied. In standard public choice, lobbying is little more than a quid pro quo exchange between buyers and sellers of political privileges. However, a humanomics approach to lobbying sees that money buys access, leading to stronger relationships. Such relationships tend to influence policy over time.

Martin and Swisher (2025) use a humanomics approach to expand on the expressive voting literature by leveraging the importance of identity voting. Most voters are rationally ignorant and lack consistent policy preferences. Alternatively, voters are mainly motivated by social identities rooted in socially shared moral sentiments. Empirical evidence indicates that identity is the most influential factor in voting, and by using standard public choice's focus on issue voting, public choice scholars may not be properly understanding phenomena associated with voting. Martin and Swisher assert that public choice economists have not taken the theory of expressive voting seriously enough, which a humanomics approach allows them to do. In this view, elections are emotional moral theater in which politicians compete for votes by appealing to individuals' expressive commitments to various social identities.

Turning now to rational irrationality in voting, Bryan Caplan (2001, 2007) first developed the concept. He argues that individuals can and do rationally hold biased beliefs about politics. Unlike the private sphere, in which individual decisions directly affect the chooser, collective choices through voting have a disconnect between what the voter chooses and what the outcome is. This disconnect means that there is a weak disciplining mechanism that allows voters to learn and adjust. The costs of those biased beliefs are borne collectively. Low personal cost means that people face little incentive to critically evaluate their beliefs or avoid biases. Unlike in markets, where poor decisions can lead to direct financial losses, political decisions are insulated from individual accountability, enabling voters to prioritize emotional or ideological satisfaction over accuracy. The disconnect between voters' choices and the actual outcomes means that there are weak feedback mechanisms to discipline those choices. This leads to the perpetuation of mistaken, biased beliefs. In short, Caplan suggests that distinct biases enter into public policy because the public has little incentive to behave like an expert in rationally evaluating these biases.

Caplan's conception of rational irrationality is congruent with Vernon Smith's (2003) ecological rationality. Traditionally in economics, economists have used the terms rationality in its "constructivist" sense, meaning that it is based on explicit reasoning and complete information. Ecological rationality, on the other hand, does not necessarily conform to formal logic or deliberate calculation. People act rationally largely because they make decisions within an "ecology" of rules and norms that have evolved and adjusted over time. Since ecological rationality is institutionally contingent, certain institutions with perversities may yield irrational behavior. Thus, institutions of voting have little penalty for indulging in economically misguided views, so voters can continue to hold such views.

The four biases that Caplan highlights begin with antimarket bias, meaning a skepticism toward markets. Many voters either distrust markets or fail to understand how decentralized exchange improves standards of living. Voters with antimarket bias undervalue the ability of markets to coordinate and improve society, and they exaggerate perceived harms from market interactions. Profits and price signals are not seen as tools to guide resources to their most valued uses. Instead, profit is viewed as evidence of exploitation or moral failure. The widespread opposition to outsourcing is just one manifestation of antimarket bias. Economists share widespread agreement about the concept of comparative advantage,

meaning that outsourcing tends to lower costs and raises productivity. However, the opinion of voters systematically deviates from economists, and voters attribute outsourcing with job loss and corporate greed.

Second is antforeign bias, meaning a belief that economic interactions with foreigners, including through trade, migration, or investment, pose a threat to domestic well-being. With this bias, voters tend to view economic exchange as a zero-sum game. In other words, trading with foreigners comes at the expense of domestic workers and companies. This bias leads voters to exaggerate the dangers of foreign competition, ignoring the reality of mutually beneficial exchange. Many voters blame international trade and immigration for job losses and wage stagnation, even though there is widespread agreement among economists that trade and immigration generally increase prosperity. One example of this bias is opposition to free trade agreements. Many voters fear that trade harms domestic employment. Economists counter this argument with evidence that international trade contributes to long-term economic growth and improved standards of living.

Third, make-work bias is the belief that the health of an economy is best measured by the number of jobs it supports rather than by the value those jobs create. This way of thinking confuses means with ends. Employment is a means to the broader goal of producing goods and services that people value. When voters and policymakers prioritize job creation for its own sake, the ensuing interventions prop up unproductive industries or obstruct innovations. As a result, resources are misallocated, slowing economic growth and reducing overall well-being. A common example is the support for subsidies or protectionist measures designed to “save jobs” in declining sectors, even when those policies hinder efficiency and suppress higher-value employment elsewhere.

Fourth and finally, pessimistic bias is the belief that the economy is performing worse than it actually is, and the future is likely to be worse than it is now. This bias leads voters to emphasize current difficulties and sensationalist headlines. Economists often try to highlight the broader, long-term trends of progress. Although short-term disruptions and localized struggles clearly occur, a broader perspective sees the overall trajectory of higher productivity and higher standards of living. Despite the general upward trend over decades, many voters continue to express the belief that the economy is in decline, and they yearn for the days when things were “great.”

### 3. WHAT HUMANOMICS MEANS FOR RATIONAL IRRATIONALITY

In *The Myth of the Rational Voter*, Caplan cites Adam Smith and Vernon Smith in several places. However, Caplan focuses only on Adam Smith’s *The Wealth of Nations*, not *The Theory of Moral Sentiments*. Also, Caplan only cites Vernon Smith’s work on rationality and experimental economics because the subfield of humanomics was fully articulated after Caplan had published *The Myth of the Rational Voter*. Caplan (2007, p. 29) sees his arguments regarding rational irrationality as aligning with some of Adam Smith’s insights: “Many of the most famous economists of the past, like Adam Smith and Frédéric Bastiat, obsessed over the public’s wrongheaded beliefs about economics, its stubborn resistance to basic principles like opportunity cost and comparative advantage.” Caplan (2007, pp. 37-38) brings up one of those wrongheaded beliefs that Adam Smith tried to correct, namely the bias against foreigners and foreign trade. Additionally, Caplan (2007, p. 44) invokes Adam Smith when discussing pessimistic bias: “Adam Smith famously ridiculed such attitudes with a one-liner: ‘There is a great deal of ruin in a nation.’ His point, which economists often echo, is that the public lacks perspective. A large economy can and usually does progress despite interminable setbacks. While economists debate about *how much* growth to expect, public discourse thinks in terms of stagnation versus decline” (emphasis in original). Thus, Caplan’s arguments about rational irrationality could be further extended and refined by incorporating Adam Smith’s other insights from *The Theory of Moral Sentiments*, just as Vernon Smith, Bart Wilson, and their associates have tried to do.

Thomas and Thomas (2025, p. 229) made a preliminary but brief attempt to tie humanomics to rational irrationality. They argue,

Ultimately, the discussion of voting based on Smith and Wilson's humanomics way of thinking has much in common with Bryan Caplan's conception of rational irrationality. [...] Human sociality, beyond simply shaping individual preferences, is an important factor in explaining choices in the voting booth. Like Bryan Caplan's account of rational irrationality, expressive accounts of voter behavior also overlap somewhat with our humanomics explanation.

Both Caplan's (2007) invocation of Adam Smith, as well as Thomas and Thomas's (2025) brief discussion of rational irrationality, indicate that there are underexplored insights. Given that moral sentiments tend to reinforce in-group sympathy, Caplan's description of irrationality seems to follow a process that can be described as rational, exogenously. Thus, by laying out more explicitly how a humanomics perspective refines our understanding of rational irrationality, economists can better understand and predict the behavior of voters. It is argued here that a humanomics approach to public choice suggests that the pathologies of rational irrationality are even more socially unproductive than standard public choice would predict. In other words, if voters are rationally irrational and they are motivated by moral sentiments, then the biases of rational irrationality are likely to be more pervasive than Caplan's original argument suggests.

Below is a discussion that elaborates on Caplan's four biases by augmenting those arguments with insights from humanomics. In terms of antimarket bias, voters tend to distrust the logic and outcomes of voluntary exchange. From a humanomics perspective, this bias is not simply a matter of ignorance. People often feel an intuitive discomfort toward the impersonal nature of market coordination. Market outcomes are driven by dispersed knowledge, prices, and the profit-and-loss mechanism. Thus, markets function as a spontaneous order that operates because of human action but not because of human design, similar to Adam Smith's invisible hand of the market (see Hayek 2014; Kirzner 1997).

The functioning of a spontaneous order is counterintuitive to many people, and the mechanisms of the market often appear morally neutral, if not morally dubious. Because markets operate without conscious direction, average voters may perceive that markets are divorced from values like empathy or fairness. Alternatively, voters may view public policies that purposefully intervene in markets as a morally important alternative to the spontaneous order of the market. Policymakers can frame market interventions as moral projects, such as protecting workers or limiting corporate greed. When policymakers cater solely to deeply held moral instincts of voters, such policies may yield negative unintended consequences that harm the very people they aim to help. When voters perceive that the spontaneous order of the market is immoral and policy interventions are moral, voters are unlikely to see the relevant trade-offs of a policy. Additionally, the regular workings of markets, which include nearly constant adjustments to changing conditions, may disappoint voters who do not understand the social benefits of such dynamism. What is more readily clear is the pain that markets can cause, including job losses or rising prices. Frequently, voters mistakenly attribute perceived social problems to corporate greed or capitalist exploitation, instead of the complex, decentralized processes that drive economic adjustment. Since voters have strong senses of empathy and justice, they erroneously call for intervention as a way to blame the cause of harm and seek a remedy to that harm. The concerns over empathy and justice can distract voters from understanding the importance of market signals, which play a crucial role in innovation and long-run growth. Thus, antimarket bias emerges partially from a moral impulse that misapprehends the market system's mechanisms that are socially beneficial but relatively opaque.

One example of this logic is the empirical evidence of many low-income individuals expressing strong support for minimum-wage laws, despite being among those most likely to bear the costs of such policies (Horpedahl 2019). This pattern is consistent with antimarket bias. Individuals may prefer to believe comforting or morally satisfying ideas about policy, even when those beliefs are false, because the personal cost of being wrong in the political realm is virtually zero. Casting a vote or sharing an opinion is unlikely to alter outcomes, so there is little penalty for indulging in economically misguided views.

With anteforeign bias, voters tend to view international trade, immigration, and foreign engagement as threats to domestic well-being. From a humanomics standpoint, this bias arises from the structure of human moral psychology. Humans are fundamentally social creatures who are shaped by moral sentiments. The closer a social connection is to a person, the more that person has a sense of benevolence, empathy, and justice. We have empathy for human suffering on the other side of the world, but that empathy is much weaker than our feelings toward our family and neighbors. As Adam Smith (1982b, pp. 219-227) argued in *The Theory of Moral Sentiments*, we naturally feel the joys and sufferings of those near to us more intensely than those of strangers, let alone foreigners. In other words, human morality is socially proximate.

This fact appears to lead to systematic misjudgments because voters feel a strong sense of loyalty to their national community. As such, they may resist policies that benefit foreigners, such as trade liberalization or open immigration. However, even though free trade and immigration do generally benefit “outsiders,” they also deliver broad domestic gains. Thus, the combination of antimarket bias and antforeign bias can lead voters to choose policies or politicians that unintentionally decrease innovation, increase consumer prices, and harm economic growth. The perception that outsiders are a threat to social cohesion or cultural identity can outweigh the more abstract benefits of economic efficiency. Supporting protectionist policies, for instance, is a low-cost way for voters to signal their solidarity with local workers and express their patriotism. This moral signaling may be emotionally meaningful to many voters, but such policies undermine long-term prosperity. Understanding how networks of global trade and migration are socially beneficial is outweighed by the moral considerations of in-group versus out-group. Thus, the resistance to globalization often stems from moral concerns about group identity and moral responsibility. By using a humanomics approach, economists can better see the logic of these concerns, while encouraging institutions that expand the moral imagination beyond artificial national boundaries.

Relatedly, moral sentiments might work within groups (endogenously) but might not work between groups to set the policy that will govern the aggregate collection of groups. Public policy is an arena of contestation, and the antagonism that arises between groups reveals the ugly side of humans’ moral sentiments. In other words, anti-foreign bias is an extreme form of a moral sentiment toward the out-group. One of the underlying reasons for an anti-cosmopolitan worldview is because humans are (to some degree) pro-parochial within their moral psychology. This is similar to Hayek’s (1988) distinction between the intimate order and the extended order. In small, intimate groups, like families and communities, our sense of morality depends on strong personal bonds and mutual obligations. V. Smith and Wilson’s (2019) work indicates that people punish others even when it is costly for them because their sense of justice dictates that they have a moral obligation to correct anti-social behavior. However, the broader extended order of a market society is dependent on abstract rules and anonymous interactions. The intimate order and extended order function differently and have different moral frameworks. Humans have developed moral sentiments that allow us to cooperate surprisingly well with people who share specific commitments in common; however, the moral sentiments of the intimate order do a poor job of guiding us in the extended order. Thus, part of the cause behind rational irrationality is that voters apply the moral framework of the intimate order to the extended order, and they lack the feedback mechanisms to discipline their misapprehension. When people apply the moral framework of the intimate order to the extended order, anti-foreign bias and pro-parochialism will be a persistent problem in terms of setting policy at any aggregate level.

Make-work bias is the inclination to support policies that increase employment, even when those jobs contribute little to economic productivity. From a humanomics perspective, this bias is more than just a misunderstanding of economic efficiency. At its core, it reflects how individuals interpret work through the lens of moral identity and social recognition. Humans generally perceive employment as more than a means to earn income. Many forms of work give people a sense of dignity and belonging. Employment signals to oneself and to others that one is a contributing member of the community. As Adam Smith (1982b, p. 114) argued in *The Theory of Moral Sentiments*, a man “desires, not only praise, but praiseworthiness or to be that thing which, though it should be praised by nobody, is, however, the natural and proper object

of praise.” In this way, policies that preserve or create jobs, regardless of their productivity, carry symbolic weight far beyond their measurable outcomes. Employment often provides moral standing of being respected and respectable, whereas unemployment can threaten both self-worth and social legitimacy.

Thus, when voters support make-work policies, they are acting on faulty economic assumptions partially, or largely, because they are attempting to affirm a moral vision in which human dignity is honored through participation in work. This moral logic helps partially explain why even economically inefficient policies, like subsidies for declining industries or public works programs, can command broad support. Voters may see these policies as ethical commitments to care for their neighbors, particularly those visibly struggling with joblessness. When individuals see hardships firsthand, their sympathetic sentiments are provoked. By contrast, the broader gains from the “creative destruction” of the market in terms of greater productivity and technological innovations are harder to observe and connect to our moral imagination (see Schumpeter 2008). In this light, make-work bias is both an error in economic logic and an instance of moral reasoning guided by what is visible and emotionally resonant. Voters may rationally support such policies not because they maximize output, but because they symbolize solidarity and affirm the social value of the individual. In a society where many fear being left behind, policies that prioritize employment offer a powerful narrative that everyone deserves to be praised and praiseworthy. Abstract metrics of efficiency are much less salient concerns.

With pessimistic bias, voters tend to believe that economic conditions are worse than they truly are and that they are likely to deteriorate further. From a humanomics perspective, voters do not just make mistakes in evaluating economic indicators; they also have moral sentiments about perceived injustices and hardships. As Adam Smith (1982b, pp. 69-73) observed, the human moral psychology places more weight on negative moral sentiments, like grief or fear, than positive ones like gratitude or admiration. Our natural sympathy engages us with people experiencing economic misfortune. When we hear the “plaintive voice of misery,” even from afar, we find it difficult to remain indifferent. Smith remarked that such suffering “forces us almost involuntarily to fly to [the sufferer’s] assistance” (A. Smith 1982b, pp. 36-37). Assuming Adam Smith is correct, it is not surprising that voters are often more responsive to narratives of economic decline than to data showing long-run improvements in living standards.

Caplan discussed pessimistic bias in conjunction with other thinkers, such as David Hume (1987, p. 464), who wrote, “The humour of blaming the present and admiring the past, is strongly rooted in human nature, and has an influence even on persons endued with the profoundest judgment and most extensive learning.” Hume highlights that humans have a propensity to venerate the past and vilify the present. By combining the insights of Hume and Adam Smith on people’s moral sentiments, voters are likely to overemphasize current economic struggles. Voters may also want to signal their concern for justice for the vulnerable. Additionally, pessimism unites individuals around perceived threats, strengthening group cohesion and justifying collective action. Thus, the belief that economic decline is inevitable may be inaccurate from a large-scale perspective, but it can serve as a compelling narrative that sustains identity and moral purpose. In this way, pessimistic bias is a manifestation of deeper human concerns regarding our sympathy with the suffering and our desire for communal belonging.

#### 4. CONCLUSION

The arguments in this brief paper are not final or settled. Instead, they are an invitation for future research. Scholars of Adam Smith could help refine the theoretical connections between a humanomics approach and rational irrationality by systematically reviewing *The Theory of Moral Sentiments* for more direct connections. Additionally, empirical scholars should test the theoretical claims with real-world evidence. Surveys, experimental data, and case studies can help illuminate the extent to which moral sentiments systematically shape public opinion and democratic decision-making. A humanomics approach encourages scholars of political economy to conceptualize voters as morally driven, socially dependent beings. The

humanomics approach does not undermine insights from public choice economics; it has the possibility to enhance and refine our theoretical frameworks.

Scholars, policymakers, and citizens do not have to approve of how moral sentiments work in political decision-making in order to realize that moral sentiments deeply influence political decision-making. If the arguments in the paper are correct, or at least broadly true, then the primary normative implication is that collective decision-making via voting is likely to be worse than public choice economists may have thought. As such, democratic governments should do less at the aggregate level because the problem of moral sentiments is unlikely to be rooted out. There may be a case for constraining the scope of state decision-making and expanding the scope of alternative institutional arrangements with more direct feedback mechanisms. For example, markets and voluntary civil society associations are likely to have more direct feedback on decision-making than large-scale political voting. If a business fails to satisfy its customers, they stop buying. If a civil society group no longer meets the needs of its members, they leave or stop donating. In both cases, the signal is clear, and the consequences are relatively quick. In democratic political systems, voting happens relatively infrequently, policy outcomes are separated from voter intent, and electoral signals are ambiguous. By looking to alternative institutional arrangements, moral sentiments and self-interest can align to improve human flourishing. If more decision-making were made outside of political voting, the problems of rational irrationality would be less severe because the feedback mechanisms would be tighter between cause and consequence.

Even if many decisions were taken out of the political realm through majoritarian voting, one additional implication is that institutional rules should be designed to minimize the effect of moral sentiments that distort the outcomes of public policy in socially harmful ways. Tweaking institutional rules to “correct” for the “irrationality” of average people is the project of many behavioral economists (see Thaler and Sunstein 2009), but many economists in the public choice tradition, like Caplan and V. Smith, would be somewhat skeptical of that claim for both epistemic and incentive-related reasons. In other words, constructing top-down governance institutions to “nudge” people in the “right” direction away from their moral sentiments is fraught both normatively and positively. However, there may be opportunities to limit the scale and scope of decisions that can be made through political voting and to reform governance institutions, which may improve the policymaking process in light of the complications that a humanomics approach introduces. Perhaps institutions can be designed in such a way to incorporate learning about moral sentiments to produce better outcomes, which may take the form of polycentric governance systems that incorporate bottom-up self-governance in the private sphere (see V. Ostrom 1997; E. Ostrom 2005).

This paper’s preliminary theoretical synthesis of humanomics and Caplan’s rational irrationality suggests several questions for future research or application. First are some questions about normative political theory. What are the implications of moral sentiments on how we view democracy in the first place? If we cannot assume that people will function in the extended order in a way that we recognize as pro-social, are there alternatives that we need to explore? For instance, recent scholars have discussed the roles of expertise in governance, but it is not clear whether rule by experts would be better in a humanomics framework than majoritarian democracy (Brennan 2016; Keech and Munger 2015; Lofthouse and Schaefer 2025). Second are questions of practical policy creation. Since public policies are inevitable, how might we design governance institutions so that we are not ruled by people’s baser sentiments and bad behavior in the public forum? How might governance institutions balance the authority that policy gains from a democratic process with the quality of the policy produced in that context? Third are questions about further connections between public choice economics and the humanomics approach. How does the application of humanomics to public choice clarify our understanding of the limits of institutional design and setting up the “correct” incentives in governance systems? What work needs to be done to integrate humanomics with the more conventional behavioral economists (such as Thaler, Kahneman, Sunstein, etc.) as they apply to the formation of public policy? In summary, the combination of humanomics and public choice economics leaves us with many fascinating questions and open avenues for future research.<sup>1</sup>

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## NOTES

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