SCHOLARS OF DECISION MAKING. A (NUDGE) PSYCHOLOGICAL READING OF NICCOLO MACHIAVELLI'S *THE PRINCE*

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Abstract. This paper takes a closer look at Niccolo Machiavelli's *The Prince* and seeks to offer a fresh perspective by focusing on specific facets, particularly those related to decision-making. The analysis will connect Machiavelli's ideas with those of contemporary scholars in this field, specifically from the psychological framework of prospect theory (and its applied form, nudging). The aim is to identify elements of *The Prince* that possess universal qualities and which, in turn, may help explain the enduring relevance and usefulness of Machiavelli's work.

Keywords: decision-making, Machiavelli, prospect theory, nudging

1. INTRODUCTION

The texts of Niccolo Machiavelli have been discussed extensively by admirers and foes alike. While some of them understand Machiavelli as an apologetic of tyrants, others stress his liberal and republican facets. However, across the spectrum, everybody has to agree that Machiavelli's writings – first and foremost *The Prince* – remain relevant to the very day as they are quoted, discussed, and applied by academics and real-life decision-makers alike. They survived the intellectual survival-of-the-fittest game for at least 500 years, which hints at a deeper (read as context-independent) truth discovered and described by Machiavelli. This paper will argue that one reason why they have remained relevant is that, due to their circumstances of creation as well as the applied methodology, they contribute to substantial observations about human decision-making processes. These processes are evolutionary-grown universals of human life and can be found, yet in varying degrees, in all human beings. As

these decision-making schemes can be considered universal, they exhibit an enormous degree of practicality (cf. Morris 1999, xv.), *i.e.* for winning elections, remaining popular, or exercising power. Through the field of politics, diplomacy and war, Machiavelli distilled observations and derived rules and guidelines for human behaviour.

While the texts of Machiavelli have been analyzed from a variety of angles, they have never been looked at with regard to the validity of his claims, as these could, for the longest time, neither be verified nor refuted. However, in the last 50 years, scholarship on decision-making processes has flourished tremendously. One of the most fruitful approaches has been the descriptive psychological approach, which analyses human behaviour with regard to errors, shortcuts, and heuristics. This line of thinking assumes two modes of decision-making: 1. the reflected, thought through, and slow system, as well as 2. the intuitive, fast, and impulsive one (cf. Thaler/Sunstein 2017, 34; Kahneman 2012) – basically the differentiation between blink versus think decisions (cf. Gladwell 2005). Machiavelli implicitly mentions these modes as he argues that a good ruler requires both, the animalistic (System 1) as well as the human nature (System 2) (cf. 2020, 573) – a thought he most likely got from Plato's chariot allegory (cf. Zabarowski 2016). Both systems have their *raison d'être* as they are supposed to solve different problems. Irrationalities – read as errors or deviations from rational decision-making – arise when a mismatch between the specific question and the consulted system occurs. These errors can be provoked through a conscious modification of the decision architecture (cf. Thaler/Sunstein 2017). Machiavelli referenced these phenomena by stressing the point that most people judge based on their eyes (meaning: availability and vision) and not *with* their minds (2020, 575). The conscious modification of a decision architecture is referred to as "nudging" (cf. Thaler/Sunstein 2017) and is mentioned in *The Prince* by stating that people most often choose, prior to the decision, the paved way (cf. 2020, 514). While descriptive psychological research is primarily focused on the cognitive aspects of this *System 1/System 2*

mismatches, *i.e.* by certain ways of data presentation, nudging goes a step further and also involves cues stemming from sociology, linguistics, and social psychology. Examples of classical nudges may include certain (emotionally laden) wordings, specific framing of decisions, or the provision of selected reference groups as all of these can change the decision's outcome in predictable ways. The idea of consciously modifying one's decision architecture can also be found in Machiavelli (cf. 2020, 602/603) as he warns of flatterers in the position of advisors and suggests that only certain advisers should have the right to speak freely – a conscious modification of the presented data which prevents information overflow and can result in better decision-making. However, Machiavelli's nudging efforts do not stop there as his guidelines can be read as a way to modify the decision architectures of rulers, subjects, and enemies in order to make rulership more efficient and long-lasting.

Just like Machiavelli, yet in another referential discipline, nudging has made observations about the human nature of decision-making. The hypothesis of this paper is that, due to shared methodologies and contexts of creation, nudging, as well as Niccolo Machiavelli's studies, came up with similar results. In order to prove this point, I will conduct a comparative reading of the nudge theory and *The Prince* – a re-reading of *The Prince* with a nudging focus on trying to identify the *Tertium Comparationis* (cf. Rosello 1959; Hilker 1962). This study will commence by outlining the applied methodologies as well as the respective contexts of creation. After having provided this framework, the paper will recontextualize selected passages from *The Prince* with findings from nudge psychology, arguing that Machiavelli was one of the earliest empirical scholars of decision-making, which makes his works until the very day relevant to decision-makers all across the globe.

2. Context and Methodologies

2.1. Context of Creation

When Niccolo Machiavelli outlined his key propositions and

phrased guidelines for successful rulership, Italy was in dire conditions. The experienced crisis stemmed from external occupation as well as internal incompetence, which transformed *The Prince* from a theoretical essay on rulership into a crash course on good rulership – in short, *The Prince* can and should be read as an educational manifesto (cf. Münkler 2020; Machiavelli 2020, 615) and Niccolo Machiavelli personally had skin – more likely even soul – in the game (cf. Taleb 2018). Besides the obvious crisis situation, the internal decision architectures of the ruling courts in Italy should also be considered. Machiavelli is often labelled the founding father of political science as an academic discipline; however, before Machiavelli and people like him consulted rulers, advice was often given by clerical staff. Almost needless to say: This kind of advice was most likely to be normative, dogmatic, and unempirical and – due to its limited predictive power and efficiency – resulted in detrimental effects for the states/kingdoms of Italy (cf. Scott/Sullivan 1994, 887). Machiavelli, on the contrary, emphasized a practical, empirical, and undogmatic approach to ruling (cf. Machiavelli 2020, 575; Dietz 1986, 777) which responds to the world as it is and not as it should be. Compared to his clerical predecessors, Machiavelli's approach oriented itself towards reality – making him one of the predecessors of *Realpolitik* (cf. Dietz 1986) – and did not occupy itself with normative rules, directives, or the alike.

When Amos Tversky and Daniel Kahneman started working on *Prospect Theory* – the cognitive-perceptual aspects of nudging – the main paradigm of decision-making - was rational choice theory based on the works of von Neumann and Morgenstern (cf. 1944). With mathematical rigour, rational choice theory dictated how people should act – game theory and the *homo oeconomicus* being two variations/realizations of this line of thinking which gained major popularity in economic but also political consulting. However, one key problem was that actual decision-making deviated from what normative rational choice theory predicted/dictated. Instead of modifying rational choice theory, it was often argued that people

would act purely rationally if only they had the mental capacities to calculate these decisions properly. However, Tversky and Kahneman argued that these "deviations of actual behaviour from normative models are too widespread to be ignored, too systematic to be dismissed as random error, and too fundamental to be accommodated by relaxing the normative system" (1986, 3). In the following, *Prospect Theory* looked at actual behaviour and tried to derive rules, patterns, and effects from these observations, making it a highly empirical line of research.

As outlined above, the creational context of the two compared works/theories shares the fact that both were created in times of crisis. In Machiavelli's case, the crisis resulted from military occupation as well as political inability, while the crisis in the late 1960s was rather an epistemological one– speaking with Kuhn (1969/1973) – as the dominant paradigm was no longer able to explain real-life deviations from the paradigm as well as other occurrences. Also, both contexts share the fact that (up to this point) the dominant paradigms were highly normative. Machiavelli's case was inspired by church doctrine while Tversky, Kahneman, and others saw themselves confronted with the idea of economic hyperrationality. However, these normative paradigms can be brought together when considering Sedlacek's (2012) key finding: The economy (as well as related concepts) is, just like religions, a narrative which perpetuates certain norms. In his book, Sedlacek compares economic ideas with religious concepts and finds a high degree of overlapping arguing that these two do not differ that much from one another in multiple dimensions. The histories of Machiavelli as well as Kahneman, Tversky, and their colleagues support Sedlacek's hypothesis.

2.2. Applied Methodologies

As argued, methodologies play a major role in Machavelli's as well as nudge theories approach. As outlined above, their respective predecessors worked primarily theoretical, *ergo* normative. Clerical consulting, as well as rational choice advisers, mostly have argued

how people should act, not how they actually act. Even though these normative doctrines may be grounded to some extent in reality – clerical rules can be read evolutionary as the ones which helped people live productive lives manifested themselves in (long-lasting) religions – they were too dogmatic for an ever-faster changing world. In short, dogmatic rules are, even if they are good in nature, decontextualized and cannot adapt to changing frameworks. On the contrary, Niccolo Machiavelli recreated meaningful context for his cause. As his country was facing external occupation, the meaningful context was war, diplomacy, and ruling. Based on that, he compiled a corpus of referential cases and analyzed these with regard to outcome, making him one of the first empirical political scientists and, as argued here, empirical scholars of decision-making.

Contrary to rational choice theory, nudging does not necessarily understand itself as a theory but rather as a toolbox of effects, scenarios, and settings that may result in certain, predictable outcomes. Further, nudging does not suggest any predefined paths but only emphasizes certain, already observed and tested, options as - with regard to decision-making, as well as the associated decision architectures – "a good rule of thumb is to assume that everything matters" (cf. Thaler/Sunstein/Balz 2014, 429) and must be handled on a case-by-case basis. By employing the medical evidence-based testing model – outcomes are compared to non-treated control groups – nudging is deeply grounded in real-life evidence, which prevents itself from giving dogmatic and automatized answers in varying contexts.

3. The Nudge Psychological Re-Reading of *The Prince*

This section will present three of Niccolo Machiavelli's key observations – from which he developed his guidelines – and will reframe/recontextualize these from a nudge perspective. First, Machiavelli's guidelines will be outlined. Then, in the second step, the corresponding psychological effect will be presented.

3.1. Loss Aversion

On multiple occasions, Machiavelli stresses the point that losses (*i.e.* of people(s) and their possessions) should be considered by the authority. For instance, he argues (cf. 2020, 498 & 516) that the beneficiaries of a new order – *i.e.* after a conquest – will not support the new order to the same degree as the beneficiaries of the prior system will boycott it. The difference: while one camp benefits from the new order, the other loses its position, influence, or resources. Even if they are equal in number, as well as with regard to numerical or perceived losses/gains, the losers will always invest more to avoid losing than the camp of potential beneficiaries. Further, the feeling of loss is not limited to individuals and their possessions but also to entire communities and states. Those who lived freely prior to being conquered will react with hatred when their freedom is being stripped from them (cf. 2020, 513). Lastly, Machiavelli proposes that the successful ruler should –to create loyalty – remind his people that threats, as well as personal losses, await in case of foreign conquering (cf. 2020, 541). All of these individual references stress the point that losses seem to matter more to people than gains, even if they are equal in scope.

Speaking from a purely rational standpoint, it could be assumed that gains and losses are evaluated equally; the loss of a unit matters numerically as much as the gain of the same unit. However, Tversky and Kahneman (cf. 1991; 1992) found out that this is not the case. Losses are considered twice as bad compared to the gaining of a comparable unit – losing $1 has a negative impact equally in size as winning $2. The mental bookkeeping applied for gains and losses clearly violates the rules of rational choice theory. This empirically observable loss aversion has widespread implications for multiple areas of life, as people being affected by potential losses invest much more time and effort in order not to be affected by losses. This can be considered one reason why political reforms in which few people lose while a significantly larger amount of people gains, often fail. Loss aversion motivates the potential losers to a higher degree than it can motivate the potential winners of reform and, thereby, favours

the conservation of the *status quo* (cf. Kahneman 2012, 375). Evolutionary speaking, *loss-aversion* can be explained by the fact that losses threatened mankind's survival much more than potential gains could guarantee future survival. This conservative bias has lasted until the very day and shapes individual as well as collective decisions significantly – variations of loss aversion have been outlined by Machiavelli and made fruitful in the form of ruling guidelines.

3.2. Consistency

Machiavelli refers to the consistency nudge in two different contexts. Firstly, in case of conquering a new territory. For this scenario, he suggests that nothing in these areas should be changed, as the behaviour of people would be consistent with their behaviour prior to the conquest (cf. 2020, 499). As such, the behaviour of the conquered city or state would be predictable and, thereby, easier to handle for the new ruler. Secondly, Machiavelli warns rulers from adopting poor actions, *i.e.* plundering from one's own people. He argues that those who plunder once will always find reasons to continue this behaviour. Initially, this may be perceived as moral advice from his side. However, research has shown that people generally try to be *consistent* in their thinking, actions, and attitudes (cf. Guadagno/Cialdini 2010, 152/153). The desire to act in accordance with decisions and utterances made prior – Rogers (1957) refers to that as *congruence* – seems to be a relatively stable trait that can be found across cultures (cf. Petrova/Cialdini/Sills 2007). Further, it seems to be the case that the initial decision requires a relatively huge amount of mental resources. After the decision has been made, similar decisions or repetitions of the initial one require less mental effort. In the case of similar, related, or repetitive decisions, the decision steadily migrates from the reflective and slow *System 2* to the intuitive but faster *System 1*. This being said, single actions – even if they are insignificant at first – may have a wider outreach as they make repetitions of these actions more likely. Machiavelli observed this tendency in rulers and warned in his

manifesto about one realization (plundering) of the consistency nudge.

3.3. Anchoring

Anchors are consulted when decisions and valuations under uncertainty occur. Oftentimes, the anchor serves as a value for comparison with the new and upcoming event, value, or occurrence. Festinger (1954) maintains that all comparisons are local in nature and nudging uses this fact by providing the right comparisons at the right time. These anchors can be completely random, as Tversky and Kahneman have shown (1974), but still influence the decisions in question and can result in normative judgements – better or worse, higher or lower (cf. Kahneman 1992, 296) – which are biased due to the provided anchor (cf. McElroy & Dowd 2007).

Machiavelli knew about the anchor's potency when highlighting different valuations of rulers. He states that a tyrant receives way more praise for a good deed than a generally benevolent ruler would (2020, 537). The fact that the same (good) deed results in diverging normative valuations, hints at the fact that Machiavelli was aware of anchoring, as well as the practice of local comparisons. In the case of the tyrant, the people compared the good deed against his average deeds as these are the available reference points; the same procedure takes place with the benevolent ruler. As the difference between expectations (the anchor) and outcomes (the event) is bigger with the tyrant, he receives – for the same kind of action – a larger amount of thankfulness and praise. Irrational as this may be, Machiavelli understood human irrationality in decision-making processes and used these productively to ensure long-term rulership.

4. Final Remarks

The here described and recontextualized observations – anchoring, loss aversion, and consistency – are all evolutionary grown and well-observable tendencies in human behaviour. Some of these are

deeply rooted in our biology and help us survive, while others are learned on an individual basis. In both cases, they are barely ever questioned, reflected upon, or consciously modified as they mask themselves as *the reasonable thing to do* and happen mostly automatically – a quick, intuitive, and unreflected *System 1* decision. The same holds true for the local nature of comparisons, as human beings (most often) do not consciously question their reference points and anchors. However, some people – Machiavelli being one of them – understood the potential which lies in these unconscious tendencies and processes. His guidelines in *The Prince* show a deep understanding of what should later be known as nudging. One key difference though: He only limited the context (effective ruling) and did not bother with explaining how these things work. For him, it was enough that they actually do work. Some 500 years later, psychologists and behavioural economists (re-)discovered the effects outlined above and can – due to more sophisticated testing methods – also explain them. Thereby, they were also able to apply them independent of context (*i.e.* in the economy, health-related decisions, finance, well-being etc.) while Machiavelli's work is highly dependent on very specific contexts. Nonetheless, the universal nature of the found effects can also explain why Machiavelli's work survived 500 years and still remains relevant – read as: read, quoted, and thought about – to the very day. As I could hopefully show, this (at least in part) stems from a shared methodology, as well as a creational context. Both approaches – Machiavelli as well as nudging/prospect theory – work empirically, undogmatic, goal-oriented, and mostly descriptive. This differentiates them from the approaches used by their respective predecessors and resulted, in both cases, in a paradigm shift as well as the creation of new disciplines (political science and behavioural economics). Unsurprisingly, both camps also came up, yet with varying degrees of sophistication, with similar results.

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