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Collective intelligence

When the many know best

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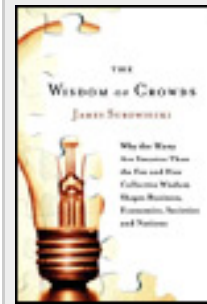
From The Economist print edition

IN THE era of the expert, James Surowiecki's book puts forward a paradox: often, the multitude knows better than the wise individual. He has written a hymn of praise to the judgment of the many, adducing case after surprising case where the amalgamated views of a crowd reach a more accurate conclusion than the single expert does. "Under the right circumstances," argues the author, who writes a regular financial column for the *New Yorker*, "groups are remarkably intelligent, and are often smarter than the smartest people in them."

Take, for instance, that corny game show, "Who Wants To Be A Millionaire?" Across a large sample of shows, those contestants who took the option to call an expert for an answer got it right almost 65% of the time. But the ones who asked the studio audience—hardly a gathering of gurus—did far better; they got it right 91% of the time. And that, it seems, was no fluke. Get a group to guess something—the number of jellybeans in a jar—and only a small minority of individuals will be closer to the correct answer than the average estimate. "With most things, the average is mediocrity," says Mr Surowiecki. "With collective intelligence, it's excellence. You could say it's as if we've been programmed to be collectively smart."

To make good guesses, crowds need certain characteristics. The crowd that bet the house on the internet bubble clearly lacked them; as do lynch mobs and drivers stuck in traffic jams. Mr Surowiecki acknowledges as much. When people take decisions one after another, instead of simultaneously, a problem known as "cascading" tends to persuade them to follow the herd, rather than their independent judgment. With traffic jams, the problem is inadequate information: cars on crowded roads cannot see the big picture that might allow them to make good decisions.

The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations
By James Surowiecki



Doubleday; 320 pages;
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The two ultimate tests of the wisdom of crowds are the market and democracy. Mr Surowiecki's faith in crowds leads him to argue for decentralised decision-making in companies. "Any major decision should be taken by as large a group of managers as is logistically feasible," he argues—admitting that this is a suggestion "so radical as to seem ludicrous".

Democracy gives him more trouble, perhaps because he can't quite believe that American voters make sensible choices. But ultimately he is on the side of Thomas Jefferson, who said, "State a moral case to a ploughman and a professor. The former will decide it as well and often better than the latter because he has not been led astray by artificial rules." A crowd of ploughpersons is thus wiser than a plurality of professors.

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