



HUMAN BEHAVIOR IN A CRISIS: CONFIRMATION BIAS

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Information Overload

The Rime of the Ancient Mariner once lamented, “Water, water everywhere but not a drop to drink.” Today, as we stare down the most uncertainty we have seen in our investing lifetimes, we face a comparable situation: information everywhere, and no idea how to process it. Will we fall deep into depression, or will we rebound quickly? No one, at this point, has any real answer. The information we might use to reach some type of conclusion is everywhere. What we must prevent is the human tendency to interpret vague or ambiguous information in a biased way. We must avoid the H-Factor.

Confirming the Bias

When overloaded by information, we are forced to pick and choose relevant details. If we’re convinced COVID-19 is the end of civilization, we’ll focus on the bad news. If we’re convinced it’s no worse than the flu, we’ll focus on information suggesting it’s not that bad. This is confirmation bias. We hear what we want to hear to support our prior beliefs.

This bias occurs because we’re not programmed to change our mind. Call it resolving cognitive dissonance or just call it wishful thinking –the unfortunate reality is our mind creates a thesis first and then accumulates supporting data, not the other way around. And when we’re presented with contradictory information, our mind actively works to suppress that information. It’s one cause of the H-Factor and it’s what Charlie Munger called, “a superpower in error-causing psychological tendency.”¹ We’re often merely intensifying the commitment to our previously-held opinions, particularly when it involves publicly pronounced beliefs.

Hard to believe? Look at our leadership. Until things took a serious turn, what did our president say? As recently as March 4, [President Trump asserted](#), in reference to the World Health Organization's claim of a 3.4% COVID-19 fatality rate, "Well, I think the 3.4% is really a false number. Now this is just my hunch.... Personally, I would say the number is way under 1%."² The president wanted to believe the fatality rate was low and so, despite reliable and authoritative claims it was much higher, prevented himself from accepting the information objectively.

But confirmation bias doesn't merely downplay the severity of the crisis. In fact, the opposite might also occur. Those convinced COVID-19 will be catastrophic tend to focus only on the negative. We've all seen science fiction movies about catastrophes and pandemics. They range from authentic, near-documentaries to downright silly scarefests based on junk science. Those serious ones are realistic enough for us to be entertained yet, at a certain level, they seep into our subconscious. It's easy to disregard a zombie apocalypse. But, somewhere deep down, we know how much worse Chernobyl or the Ebola virus outbreak could have been. We get anxious. We get fearful. And our decision-making is subconsciously impacted. Then, when a new catastrophe strikes, we're primed to confirm those deep-seated fears. Troubling information is weighted too heavily, while comforting information is underweighted or dismissed outright.

Opinions Running Rampant

This tendency is well established by psychology researchers that study anxiety disorders such as obsessive-compulsive disorder (OCD). Patients with OCD will dwell on negative information. "All or nothing thinking," and, "Catastrophizing," are examples of confirmation bias at its worst. When presented with an overabundance of information—as we seemingly all are in this COVID-19 crisis—patients are offered too many options to support their obsessive compulsion. Some might say it's the H-Factor at its worst and most paralyzing.

Right now, as we try to predict the outcome of a completely unprecedented crisis, it's easy to fear the worst. Compound that with an overabundance of information and our innate predisposition to confirm preexisting opinions, and many are setting themselves up to panic. Those suffering from a clinical diagnosis of OCD thankfully have medical options for relief and remediation.

For those of us lucky enough to avoid the affliction, we have the threat of the H-Factor to contend with. The key to controlling it is the recognition of its existence, and then the ability to strip it away. Rely only on the data as it's presented. Do not infer anything based on pre-existing bias.

In the next part of this 3-part series, we explore so-called "fake news," the recognition of its dangerous results and similar attempts at mitigation. Control your biases. Know when human biases are affecting your decision making. Think objectively.

¹<https://www.gurufocus.com/news/834366/charlie-munger-bias-from-consistency-and-commitment-tendency>

²<https://www.businessinsider.com/trump-claim-death-rate-coronavirus-word-health-organization-2020-3>

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H-Factor

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