

Cognitive dissonance is the technique used to pin the blame of your own mistakes on others.

The book manages to go from the “micro” issues of self-deception to the “macro” issues of wrongful conviction, divorce and war.

Mistakes Were Made, But Not by Me—By C.Tavris & E.Aronson

The natural reaction when we mess up is to try to find someone else to pin the blame on. This stems from the fact that our brain is wired for self-justification. When we make mistakes, we must calm the cognitive dissonance that jars our feelings of self-worth, or so argue social psychologists Carol Tavris and Elliott Aronson in the recently published *Mistakes Were Made (But Not By Me)*. The problem is that this tendency to try and shirk responsibility is dumb, immoral and wrong.

The authors jump immediately into the thick of things by explaining, in the first chapter, the concept of “cognitive dissonance” or the mechanism that allows us to distort reality so that the difference between our ideals and our behavior disappears. But cognitive dissonance causes great damage. The thinking goes: there is no way a good person like me could do something so stupid? And, in turn, this causes a chain of memory alteration and selective cherry-picking of evidence to agree with the preconceived result we are trying to achieve.

After a particularly rough week in the financial markets, a lot of our clients are probably wishing that they could have a little “cognitive dissonance” right now and blame somebody else for P&Ls that have sometimes been blown out of the water. And, in a sense, this is what makes investing such a unique business: Investors simply cannot operate with cognitive dissonance, as we have our daily P&Ls to let us know where our mistakes lie. But we can try: When performance turns south, we will naturally be prone to looking for culprits in irresponsible central bankers, biased financial analysts, incompetent brokers, careless traders... rather than admit our own failings. We will also rationalize bad investment decisions and sometimes compound our mistakes (i.e., if I liked it at \$100, I love it at \$75!). Maybe it is for this reason that our friend Dennis Gartman constantly encourages us to take our loss early; as Dennis puts it, *“a bad trade isn’t as much about the drain on your actual capital, but a drain on your mental capital as well”*.

The book is particularly interesting in that it manages to go from the “micro”—i.e., our eager willingness for self-deception—to the “macro”, namely by bringing the issue of “cognitive dissonance and biases” to the broader issues of criminal justice and the wrongful conviction of innocent people (chapter 5), divorce (chapter 6) and war (chapter 7). The authors document convincingly how good policemen, through a series of small steps down a pyramid of self deception, can end up as corrupt politicians. Or how politicians can rapidly slide to the bottom of a slippery slope of self-deception. The fifth chapter (on criminal justice) makes for particularly chilling reading and should be read by any advocate of the death penalty—on this note, we have always found it a contradiction that right-wing nuts (such as ourselves), who believe that governments will by and large prove to be inefficient in pretty much everything they choose to undertake, will nevertheless be efficient at dishing out justice. If nothing else, this chapter blatantly illustrates that this is not the case!

Having said that, one area where the authors appear to frustratingly show a little cognitive dissonance of their own is by repeatedly picking on Republican politicians, and George W. Bush in particular as a source of too many problems. This irked us for two reasons:

- 1) Firstly, it brought us back to the message of one of our favorite books *L’Illusion Politique*, in which Jacques Ellul decried the conviction anchored in the Western man’s soul that the world’s problems were political and thus the solutions could only come from the State.
- 2) Secondly, it would have been nice to balance the attacks on Republicans with a few nudges of the Dems as well. After all, it must be possible to find examples of the Clintons lying or acting in a self-delusional manner?

Still, the book is a very enjoyable read and, at 262 pages, can be tackled on a long flight. But watch out, after reading *Mistakes Were Made—But Not By Me*, you will find self-delusion a lot harder to achieve!