

Leadership Letter for Global MIL

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In an era where mistrust is rampant – of the media, of institutions and of government – we turn to experimental economics to discover what science says about the values upon which people make their decisions.

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Whom Should We Trust? The People!

This is an era where the “Chicken Littles” are proliferating with their predictions of how the sky of the media world is falling due to the inestimable impact of technology and the internet. We are told that human beings are being overwhelmed by bots online, that artificial intelligence is outpacing human beings, and that it is now impossible – or nearly so – to tell what is “real” information and what is “fake” or generated through computer programs. We are told that everyday citizens – the people – are unqualified or incapable of making the judgments necessary to democratically sustain humanity and civilizations. We are also told that people can’t be trusted, that they have only selfish motives and that they are only interested in self-centered manipulations. And that’s not all: we’re also being told that the Enlightenment is dead, that the suppositions of the philosophers of old are irrelevant, and that we can no longer have faith in ageless ideas such as free will or human agency.

Taken to logical extremes, behind these messages is a hopelessness, a sense of defeat, of a depressing lack of faith in human capacity and goodwill and judgment. At the same time, there is an uncomfortable degree of faith in “experts” and in the supremacy of technology. This lack of faith in ordinary people undermines a belief in representative democracy and in the benefits of education, because education rests on the notion that human beings’ perspective and capacity can be expanded and improved upon to meet the challenges of the day, whatever they may be.

But there IS hope, because these self-defeating messages are wrong -- and there is scientific proof of how wrong they are. This issue of Connections is devoted to explaining how we should put our faith and trust in the people – in their judgments, in their sense of fairness and justice, and in their humanity.

Fortunately, the media literacy field is built upon the notion of human agency and freedom – of freedom to think critically and independently, and to express oneself according to one’s own values, lifestyles and points of view. To explore these notions of why we should trust in people, we have turned to the field of experimental economics, which can teach us a great deal about the perspicacity and resilience of human beings.

Why economics? Because, according to Alfred Marshall, “Economics is a study of man in the ordinary business of life. It enquires how he gets his income and how he uses it. Thus, it is on the one side, the study of wealth and on the other more important side, a part study of man.” Lionel Robbins went further to say that “Economics is a science which studies human behavior as a relationship between ends and scarce means which have alternative uses.”

Today, thanks to technology, the media ecosystem has changed forever. Access to information is now infinitely plentiful (whereas in past millenia, such access was scarce). Information is a commodity, and as such, it is being constantly devalued, with producers ever more focused on how to add value to attract attention. These dynamics – and the expanded role of people as content producers and distributors – has upended the

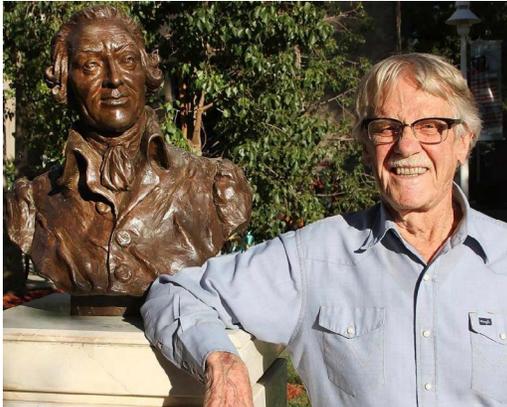
traditional media markets, causing severe disruptions in how media is produced and used and perceived. But the basics of how people operate haven't changed at all.

Markets are basically people making decisions to voluntarily cooperate with one another through transactions based on trust. Through experimental economics, economists are able to set up games and experiences that measure aspects of how people make decisions in these transactions and relationships.

Findings by prominent experimental economists are encouraging, indeed. For example, did you know that even though people may not totally understand what they are up to, or know the implications for what they are presently doing, they tend to maximize their own gain in making decisions – but also the gain for all? And all the while, people demonstrate a bias towards fairness and justice when making their decisions – which isn't at all what the Chicken Littles would predict. And what's more, Adam Smith predicted the evidence found in such economists' experiments more than 200 years ago in his first and lesser-known book, *The Theory of Moral Sentiments*.

But -- we defer to Nobel Prize winning experimental economist Vernon L. Smith to speak to his research findings around Adam Smith's *Theory of Moral Sentiments*. We are pleased and proud to present an exclusive interview with Dr. Smith in this issue, with another insightful interview addressing the *Theory of Moral Sentiments* by prominent economist Dr. Lynn Kiesling. While we recognize that life and people's judgments are far from perfect, we are confident in saying that, when it comes to trusting in the judgment of the people, the evidence is overwhelmingly on the side of the optimists. And please note: media literacy has a key role to play in encouraging life, liberty and the pursuit of happiness for people all over the world.

Interview with Vernon L. Smith



Dr. Vernon L. Smith was awarded the Nobel Prize in Economic Sciences in 2002 for his groundbreaking work in experimental economics; he holds joint appointments with the Argyros School of Business & Economics and the Fowler School of Law at Chapman University, where he is part of a team that will create and run a new Economic Science Institute. His expertise is in Experimental Economics; Ethics & Society; Adam Smith; Industrial Organization; Real Estate; Economics and Law.

Dr. Smith is a distinguished fellow of the American Economic Association, an Andersen Consulting Professor of the Year, and the 1995 Adam Smith Award recipient conferred by the Association for Private Enterprise Education. He was elected a member of the National Academy of Sciences in 1995, and received CalTech's distinguished alumni award in 1996. He has served as a consultant on the privatization of electric power in Australia and New Zealand and participated in numerous private and public discussions of energy deregulation in the United States. In 1997 he served as a Blue Ribbon Panel Member, National Electric Reliability Council.

Dr. Smith completed his undergraduate degree in electrical engineering at the California Institute of Technology, his master's degree in economics at the University of Kansas, and his Ph.D. in economics at Harvard University.

Center for Media Literacy (CML): You have an impressive body of work proving Adam Smith's Theory of Moral Sentiments. Essentially, that theory shows that our moral ideas and actions are intrinsic to our very nature as human beings. We hear so much about a crisis of trust today -- trust in our institutions, trust in a free press, etc. It is interesting to consider the relevancy of Adam Smith's work today.

Dr. Vernon L. Smith (VS): Yes: But most of my understanding of The Theory of Moral Sentiments came after 2002. With some of the challenges that we're facing here in the 21st century, I find it fascinating that Adam Smith's theories, after 260 years, are so relevant.

CML: We will talk much more about that. First, would you tell me about your background and what you are doing now? You have contributed decades of exceptional work to society, as a pioneer in experimental economics and as an expert in Adam Smith's theories.

VS: My career has been predominantly centered on what has become known as experimental economics. Actually, I simply started with an interest in how markets worked, and particularly how efficacious they are considering that people are generally not very knowledgeable about economics and the conditions of supply and demand. I taught at Purdue University after I finished my PhD at Harvard in 1955. My challenge was relating the market theory of supply and demand to what real people experience “on the ground,” so to speak. So, I came up with an experiment. I never anticipated how it would come out.

You see, I didn’t really believe that markets would be that effective, unless people had complete information about market supply and demand -- ideal conditions that are rarely met in the real world. So, in my experiment, I created a market where everyone had only their own particular circumstances to draw upon. Well, it turned out that the market converged very quickly (as predicted by supply and demand). That surprised me. It was completely contrary to what people believed in those days. I actually thought there was something wrong with my experiment. So, I changed the conditions and tried the experiment again. Basically, what I learned after many experiments was that these markets all converged. That completely changed the way I thought about markets. From there on, I was hooked on what became known as experimental economics.

Many scholars and others didn’t believe what I found. But, when they tried it themselves, they found that their beliefs were wrong. So ultimately, my experiments showed that, even without education in economics, human beings are able to find market equilibrium by a kind of “trial and error” process that doesn’t require them to totally understand what it is they’re up to, nor what the implications are for what they are doing. To my surprise, each person, in trying to maximize their own gain in the experiments, maximized, not only their own gain, but the welfare of the entire group. Collectively, in markets, people pursuing their own gain actually maximize the gain for all. In the experiments, however, you could not steal, and you had to deliver what you produced.

CML: That is a fascinating outcome. Can you tell me more about the experiment you did?

VS: It was a classroom exercise. There were 22 people in the class, and I made half of them buyers and half of them sellers. I gave each of the buyers a secret value known only to them. Their understanding was that they were going to earn money based upon the difference between the value I gave them and the prices at which they bought from sellers in the market. In other words, the lower the price they paid to sellers, the more they would benefit. Similarly, I motivated the sellers to sell at high prices. They were all trying to find bargains. Buyers announce bids, sellers announced asks. Sellers won contracts when a buyer accepted the ask of a seller, or a seller accepted the bid of a buyer.

In the end, I took the values I had assigned to all the buyers and simply arrange them from highest to lowest (what economists call the “demand schedule”) I also arranged the sellers’ costs from lowest to highest what economists call the “supply schedule”). Of course, no one in this group knew that, nor did they know the values or costs

assigned to others. They hadn't studied economics. But, they reached equilibrium in about three or four rounds. It turned out that this is, in fact, a general principle. This wasn't an accident at all. That ended up defining the areas that economic experimentalists started to study.

CML: It really isn't intuitive to think that, when we seek profit, markets intrinsically find equilibrium. It was a surprise even to you. That shows where media literacy education and its focus on critical thinking and learning to ask the right questions with an open mind can help drive discoveries like yours. You were able to find and recognize a new principle, even though it was counter to your previous bias.

VS: Yes, as I reviewed CML's website, I definitely saw that relevance.

CML: There is a tie in with your work, the work of Adam Smith centuries ago, and media literacy education. All of them rely upon human agency – the ability for human beings to ultimately make the right choices in their own interest, the interest of others and society as a whole. Would you say that your work and the work of Adam Smith show a human bias towards justice?

VS: You could interpret it that way. The big question in economics is "Why there is a tendency to be better off than our parents and grandparents?" The tendency toward increasing wealth creation, which has been going on since the beginning of the late 17th and early 18th century, is relatively new in our long human history. World GDP per capita had never grown on such a scale before in human history. Adam Smith was part of the intellectual attempt to understand that. What's particularly interesting is that Adam Smith's popular image is that of a guy who promoted the idea that "greed is good." But, if you read his first book, "The Theory of Moral Sentiments," you'll see that's not what it was about. He believed we were all very self-interested, but the way we got along with our neighbors and with others was, as he said, to "humble the arrogance of our self-love to bring it down to what other people will go along with."

In other words, he saw people as inherently self-interested, but reluctant to make choices in our social communities that were strictly self-interested, because we want to take into account the effect on others.

CML: That sounds like simply having a conscience.

VS: Yes, exactly. In fact, he used that word. He said that, otherwise, life is pretty unhappy. We're happiest when our actions are in step with those of our neighbors and close associates. He saw from that point of view that humans began to trade and form markets as an extension of human sociability. Then, we discovered that, in trade, we could learn to specialize. For example, one farmer may be raising hogs and corn. He might decide, "I'd rather just grow corn. Any hogs I need I can get by trading my corn for other farmers' hogs. I don't have to produce them both." People discovered the enormous benefit of specialization. That's the basic theme in Adam Smith's "The Wealth of Nations" – nations are wealthy because they are free to make choices and become more specialized. Ultimately, we all gain by doing what we do best and marketing that to others, and that makes us more dependent upon each other.

CML: That freedom of choice brings us back to the idea of human agency, which is so central to media literacy.

VS: Of course, but there is always the question of truth -- truth in labeling, truth in advertising. That is where justice—the law—becomes important. There are laws to help consumers be better informed. It used to be “buyer beware.” You had to know that sellers may misrepresent things. When that happens, you are unhappy and you don’t go back to that seller and reward them with your business. You take your business somewhere else. But, there are so many costs and inefficiencies in that process. So, laws about truth in advertising and labeling help the market as a whole to do better. Yet, honesty is good policy; it builds good reputations, and is profitable for both buyers and producers. In fact, producers have gone well beyond the law in adopting liberal product-return policies, because satisfied customers return repeatedly to buy from you.

CML: Less reliance on laws is another way that media literacy education increases freedom of choice. When the public is better educated in critical thinking and has a process of inquiry to rely upon when absorbing information, people are less dependent upon states and institutions and can make their own wise conclusions in their habits of consumption. But, we do need rule of law to keep markets moving along and to prevent abusive practices. Media literacy education can help people understand laws and make independent decisions in business and all parts of life. It serves as a framework to ask the right questions. In terms of truth in advertising, it’s asking: Who wrote the ad? What is their purpose? What kind of techniques are they using to capture my attention?

VS: An emphasis on media literacy is very important. Media literacy education can greatly improve the ability of markets to function smoothly while maintaining freedom of choice. If you look at the sad state of countries like North Korea, Venezuela, or Cuba, there’s no reason why these people shouldn’t be just as productive and well off as any other country. But, they don’t have freedom. In particular, look at the difference between North and South Korea. It’s almost like a controlled experiment where the North Korean people have the same cultural origins, background and language as the South Koreans, but the North Koreans can hardly feed themselves. In contrast, South Koreans are prospering. They have created great automobile and electronics companies. They are doing very well.

CML: In countries like North Korea and Venezuela, there are tremendous abuses against personal freedom and human rights abuses in general.

VS: Yes. They try to control people through a climate of fear. It’s dehumanizing.

CML: Yes, and a sense of fear and lack of trust appears to be rising in the US today.

VS: Yes, I think we have major problems now in our own country, especially on immigration issues. The historical evidence is very strong that immigration has been very good for the United States. Immigrants are more likely to start businesses. It’s really very sad to see how this information about immigrants has been so distorted.

But the bigger picture, I believe, is that things will eventually right themselves.

You see, my early study of markets disabused me of the idea that conditions have to be perfect in order for systems to work well. One experiment I did in the 1980s was called “the trust game.” You recruit a dozen people, and they’re randomly matched with each other. So, you end up with six randomly matched pairs. You choose one person in each pair to be the first mover, and other person is the responder. Imagine that we are matched with each other in this experiment, but we are not aware of that. We never find out who is our partner. The whole idea was to give individuals in this experiment maximum opportunity to “take the money and run.” In other words, to make choices that were in their own interests but not in the interest of the other person. So, you can make a choice that gives us each \$10, and the game ends. Or, you can give your \$10 to me to invest, and it becomes \$30. Now, there’s a kind of a synergy between us. The pie is bigger when you take the risk. Then, I can split that evenly with you, and I end up with \$25 because I get \$15 plus the 10 that I already have, and you get \$15. Or, I can take all the money and you get zero and I get 40. Originally, I thought the first movers would be very reluctant to pass their money to the responders, because they could lose it all—everything. Standard game theory says that person number two would indeed take the \$40. Well, that theory was shot down. Half of the first movers passed the money to the responder, and three-quarters of them took the 15-25 split, not the 0-40. Remember in the markets that I originally described, everybody could operate entirely in their own interests and try to maximize their gain; no one could take from others without giving in return. But in the trust game, if I take all the money, you get nothing. I benefit at your expense. Only 25% people did that, 75% did not.

CML: So, basically, you have a three-out-of-four chance that you can trust a stranger with your \$10?

VS: Yes. People are much more trusting and trustworthy than we expected them to be. That is exactly what Adam Smith talks about in “The Theory of Moral Sentiments,” but in a more general context.

Smith said that actions of a beneficent tendency that are properly motivated (meaning they’re not an accident, they’re on purpose) require the other person to reward that action because of the gratitude they feel. In other words, when someone does something good for us, and intends to do it, we automatically feel gratitude and want to reward that positive action. Smith does NOT use the word “reciprocity.” Instead he says kindness yields kindness in return, and attributes it to “mutual sympathetic fellow feeling.” Today, we call that empathy. He didn’t have that word. Empathy doesn’t come into the English language until about 1905.

Another of Smith’s propositions is the obverse of this. He says that actions of a hurtful nature tend to invoke a punishment response because of the resentment people feel. For example, in the game we just discussed, suppose you passed your \$10 to me, and I chose to keep it. The play goes back to you, and you can choose to accept that, or you can punish me. Well, it turns out people punish -- even if it’s costly to them.

CML: Hearing you speak on this, it makes sense that human beings evolved to behave this way. It is really the only way that societies can thrive.

VS: Yes, we have to adapt this way to get along. Human beings want to share. We see this happening intentionally in our social relations, in helping one another. Unintentionally, this happens in our economic relations. Through market prices and the specialization that results, we create wealth—as demonstrated in my first experiment; each sought their own gain, but together did best for all. The downside is that little of that wealth goes to those who are least productive of that wealth. Hence the need to raise their skill and productive levels.

But, it's interesting that Adam Smith's model of human sociality also had a downside. He said that we are much more concerned that our friends share our enemies than our other friends. There is a strong tendency for friends to resent the same people and this regularity leads us naturally to form "ingroups" and "outgroups."

CML: In terms of media literacy, when people are taking in messages or information, they need to become aware of what their own biases in order to think critically about information. When you speak of "ingroups" and "outgroups," I can't help but think of our current divided media landscape. It's as if the tendency you speak of has been exploited online and in traditional media.

VS: Yes, today people are very reluctant to look carefully at the arguments coming from others with different points of view. We keep reinforcing our own biases. We naturally like to believe we're right, so we don't deliberately seek evidence that might falsify our beliefs. That's not only true for the person on the street, it's true in science. Many researchers do experiments that tend to confirm what they believe, and they don't do the kinds of experiments where they would face a challenge. Perhaps because, if A happens rather than B, then they have to ask themselves if their beliefs are correct.

When I did my original experiment, I didn't think it would falsify my beliefs. I expected it to confirm them. Well, it didn't. But I didn't dismiss that. I stayed with it and found out I was wrong. It's very important, when you come up against contrary beliefs, that you don't dismiss them. Instead, try to use that to better understand yourself.

CML: We need more of that in today's era of polarization and lack of trust. Media literacy education provides a framework to do that – to think more critically when receiving information, whether it conforms to your pre-existing beliefs or not. What the Center for Media Literacy really advocates is beginning media literacy education from primary school or even before. It is not a new subject to learn, but an underlying way to learn all subjects. Ultimately, it enables people to use their own human agency to make wise choices and become more aware of things that play into their biases.

VS: That very much supports my view, especially in science. Media literacy education can support unbiased research. In my own case, I first had to convince myself that my beliefs had been wrong before I could begin to convince anyone else. Building trust in others includes making honest assessments about our fallibility and misconceptions.

CML: Given that your work and the work of Adam Smith suggests that there is reason to trust, how do you feel about the trend towards decreased trust and increased fear in society.

VS: Optimistic. Beneath everything you are speaking of lies fundamental humanity. That suggests that we're better off than it sometimes looks out there.

At the end of the day, our freedom has expanded over the past 200 plus years, not contracted, even though there's a lot of variation from period to period. Ultimately, we have passed laws to deter behavior that we agree is harmful; e.g., laws favoring racial discrimination were eventually replaced with anti-discrimination laws. We are free to make our own choices, subject to constraints that do not deny freedom to others. I believe that is the "human agency" of which you speak when you talk about the benefits of media literacy education.

CML: It is the foundation of media literacy.

VS: It revisits Adam Smith's question of beneficence versus justice -- what it means to be just AND support freedom of individuals' actions, so long that they don't harm other people. Media literacy strongly supports that freedom.



Interview with Lynne Kiesling

Dr. Lynne Kiesling is Visiting Associate Professor in [Economics at Purdue University](#), and the Associate Director of the [Purdue University Research Center in Economics](#). She was recently an Associate Professor of Instruction in the [Department of Economics at Northwestern University](#), where she was also a Faculty Affiliate and Director of the Electricity Policy Program in the [Searle Center on Law, Regulation, and Economic Growth](#).

Center for Media Literacy (CML): Lynne, you have been teaching the history of economic thought since the mid-1990s, and you are very well informed on Adam Smith's theories. Would you please tell me a bit more about yourself?

Dr. Lynne Kiesling (LK): I am an economist. I've always been interested in microeconomics – issues around government regulation of markets. An antitrust and regulation class that I took as an undergrad really crystallized that I wanted to study the subject. I went straight from undergrad into graduate school at Northwestern University, where I studied industrial organization and economic history. I also pursued a field called information theory, which is largely mechanism design -- how to structure rule frameworks to get particular outcomes. Then, I taught at William and Mary, and then worked in consulting and as director of economic policy for a public policy think tank. I also taught at Northwestern (my Ph.D. Alma Mater). For the past year, I've been at Purdue University, where I'm the associate director of the Purdue University Research Center in Economics. Mostly, I do regulatory policy work around electricity technology, digital technology in what's called "smart grid" -- the digitalization of the electricity industry.

CML: I understand you are also very knowledgeable about the theories of Adam Smith, which dovetail quite a bit with the foundation of media literacy education. Media literacy is based upon building a framework so that people become wiser consumers and producers of information. They can learn what questions to ask to become better critical thinkers. Ultimately, media literacy relies very much on human agency. People gain skills, then it's up to them to make wise choices based upon their own abilities. In Adam Smith's "Theory of Moral Sentiments, one of the themes that come through is that human beings have an inherent bias towards justice. Media literacy is founded upon that same principle.

LK: Building on what I teach in history of economic thought, I've published on Adam Smith's Theory of Moral Sentiments. Smith goes into great depths on moral psychology and how social frameworks are self-regulating. I have been teaching the history of economic thought since the mid-1990s, and we always read Theory of Moral Sentiments early on in the semester. Yesterday we were reading some of the writings in what's called the socialist calculation debate -the arguments in the 1930s around whether or

not central planning of an economy is feasible. We were reading the market socialist Oskar Lange, and one of the critiques that one of my students offered was that Lange didn't leave any room for the kind of self-organizing through informal institutions that Smith relies on so heavily in *Theory of Moral Sentiments*.

CML: You mentioned social frameworks. A framework is exactly what media literacy education provides. There are some key concepts: When you're absorbing a message, consider who authored it. What is their purpose? What techniques are they using to capture your attention? Remember that different people interpret messages differently, etc. So, media literacy is not a new subject to teach – it's a new way to teach every single subject and ensure that, as students are absorbing information, they are thinking critically about it.

LK: One common thread here is the importance of individuals exercising judgment. This was something very important for Smith. If you think more broadly about the Smithian project, he wanted to develop what he called a systematic science of man. He draws a lot of inspiration and knowledge from Hume's empiricism and skepticism, which are two flip sides of the same coin. If you're an empiricist and a skeptic, then you're going to place a lot of emphasis on the importance of individuals cultivating their ability to exercise judgment. That's something that I would like to see more emphasis on in today's climate. Smith gives us that. His project is a system of natural liberty or systematic science of man.

As humans, we have cognitive limitations. We interact with the real world through perception. We can't know the world fully or objectively due to our own biases. We're really good at self-rationalization. Yet, if you put us in a framework with the rule of law and a good institutional structure, we can benefit ourselves while also creating benefits for others at the same time. That's what markets do.

CML: That is exactly what media literacy education does, too. It creates a framework, and then allows people the freedom to work within it. Essentially, in alignment with Adam Smith's work, human beings will, overall, make wise decisions in their own interest and in the interest of others. There is a real dovetail there.

Something else that you mentioned is important -- that we all have our own perceptions, biases, and ways of approaching things. One of the core concepts of media literacy, which is especially important for content producers is to be aware that different people will interpret messages differently.

LK: One of the fundamental tenets of economics is that that individual's preferences are subjective. We couch it in terms of preferences. The way we perceive the world and the value we attach to different things is very personal and very subjective. That subjectivity means that you can't infer that somebody else's experience of value is the same as yours.

CML: Here's an example of that: Every time Apple comes out with a new iPhone, there are people who feel it's worth it to camp out in front of the store the night before to be first in line for the product the first day. Others use the same phone until it dies.

LK: There's an actual Smithian point there. I look at those people in line, and I have gratitude. Thank you for “guinea pigging” the technology, so that when I get around to buying it, it's better. This is something that really gets lost. I work with digital technology and digitalization of electricity. I talk with a lot of people about new technology adoption. Because of the nature of electricity, with publicly regulated utilities, there's always an official consumer advocate that represents the interests of low-income and elderly customers. Often, consumer advocates argue that digitalization, smart grid and having a more digital intelligence embedded in the electric power network doesn't benefit low-income customers. Their priority is: either everyone has it, or no one has it. Of course, markets are voluntary. The idea is to reduce barriers, and people who want it can have it. Historically, we see that rich people guinea pig technologies for the rest of us. We free-ride on the early adopters. The Smithian point about this -- gratitude for the people standing in line for new iPhones -- is that we humans generally want other people to be happy. We cultivate this relationship of what he called sympathy, which is just a feeling of fellowship with others.

CML: The modern term is empathy.

LK: Right. The term empathy was invented in the late 19th century, but the emotional core of the concept of sympathy is what we would call empathy. That's where our ability to live together in civil society comes from. This is all part of Smith's project -- the systematic science of man. As part of that, he investigates the institutional frameworks that enable us to live together as free and responsible people. Smith also argues that, within each of us, we have a spectator that serves two different functions. The first is a judgment function. It's used externally to observe the conduct of people around you. You judge the conduct and its propriety. For example, if I'm upset after my dog has died, am I behaving with propriety? You come and you visit me, and you find that my dog has just died, and I'm very upset. Because of your sympathy, you enter into my sorrow. Your spectator would look at my being upset and crying in response to my dog dying, and you would judge that conduct to be proper. That's the mechanism by which we build what Robert Putnam these days would call “social capital.”

CML: Of course, we know that people do not always act in ethical ways. The world is full of examples of what would not be considered ethical acts by reasonable people -- from petty theft to genocide. What would Adam Smith say about that?

LK: There is an extent to which the spectator can go a good way towards giving us the framework that we need to deal with that. If you have a good, healthy, thriving, impartial spectator, it will -- the language that Smith used is -- “recoil with horror.” Let's take the example of my dog dying: If you came upon me and I was completely stone faced, “Oh yeah, dog died. Oh, well,” you would judge me very differently. For Smith, the spectator enables us to evaluate whether or not behavior is proper or improper. Where does this spectatorial capability come from? It's embedded in your social networks, in your upbringing. It's families, friends, teachers, all of that texture and fabric of social

networks that we are embedded in as we grow up and develop our social and cognitive skills.

CML: In a way, it's the frameworks we learned through institutions, whether it's family, education, clergy or something else.

LK: Correct. It's where we learn morality and proper conduct. Those are the processes that really matter for Smith, and they're very decentralized. They're bottom up. If he puts on his normative hat, he will say that they are best done at the smallest level in society -- with your family, your friends, with your teachers, etc. Not through larger organizations or social entities like governments. That's one of the normative implications that you get out of Smith. It's also what makes things like urban poverty and gangs so resilient to improvement. Norms can reinforce negative morality, as well as positive. It's who you hang out with and your choices that determine who you really are.

CML: Teachers are part of those who passing norms on at "the smallest level in society." Knowing that, would you say that you think that they are in a primary role in teaching students frameworks to become wiser consumer of information?

LK: Yes. That falls naturally from Smith.

The second function of the spectator goes beyond evaluating the conduct of other people. We also use it internally to judge our own conduct. It's like a "mini-me" sitting on your shoulder saying, "Should you really tweet that? Are you sure you want to say that? Should you really do that?" The problem with that mini-me is that there's an asymmetry. You're not going to judge yourself nearly as harshly as you might judge someone else. We're really good at rationalizing our own behavior. For Smith, impartiality is the gold standard. But, the reality is that we are partial.

CML: Where does rule of law come in?

LK: Smith is very clear about that because, in his own words, a lot of what he argues in Theory of Moral Sentiments is "loose, vague and indeterminate." So, he developed several concepts of justice, and only one of them is really crystal clear. That's where rule of law sits. He says that if we are to live together as free and responsible people in civil society, the highest priority requirement is justice. By justice, he means what we would call commutative justice. It means freedom from harm to your life, your liberty and your property. That justice is so essential that its absence can be penalized. So, certain rules have to be made to ensure justice, and eventually they are.

CML: So, the whole theory is that human beings have an intrinsic bias toward justice, even though bad things happen. Eventually, whether it's an internal spectator or creating those rules, or the rule of law, ultimately, we can trust human agency.

LK: I believe Smith would say that. Interestingly, Hobbes comes in 70 years before Smith and basically says in the state of nature and life is solitary, poor, nasty, brutish

and short, and we are all living in a war of all against all, and everyone is rapacious and greedy, and only out for themselves. The only way that you're going to get civil society is by having a third party come in and "put the hammer down" and impose order. Smith is giving a psychological account of the emergence and the embeddedness of our morality and our psychology. Hobbes is his foil here because Smith essentially says life is not solitary, poor, nasty, brutish and short. We're not born into the state of nature. We are born into families, and we start as social beings. Our relationships help us to cultivate the characteristics of sympathy and spectatorial capacity, that enable us to live with each other. Our internal spectator encourages us to modulate our conduct so that we can create a society that is a harmonious system. It's not like everyone is exactly the same, but it's harmonious. We're all different. We're all singing from the same tune book, but we're each singing our different parts.



Media Literacy in the Baltics:

As a Visiting Faculty member at the University of Latvia in Riga, CML's Director Tessa Jolls is co-teaching with UNESCO MIL Chair Guna Spurava and working to help strengthen media literacy practices and programs.

CML conducts training and professional development for policy makers, educators and community organizations world-wide. **Comments** from CML's media literacy workshop attendees from the fall 2018 International Visitors Association-Los Angeles, sponsored by the U.S. State Department:

Mr. Suhail Bin Aziz – Pakistan

"It was one of the best experiences during our whole IVLP tour. Tessa Jolls was very effective in sharing the experience of teaching the art of media literacy to [the] young generation."

Mr. Minh Tuan Huynh – Vietnam

"Wonderful workshop, excellent teacher, interesting lessons ... It's very useful and helpful for my work when I [go] back to my country."

Ms. Zarina Ergasheva – Tajikistan

"This was one of the best presentations during our visit to the U.S. We got in the interactive workshop, it was interesting. She spoke about new opportunities in media education and literacy. I hope I can use this knowledge in my work."

Ms. Alyona Koshkina – Kazakhstan

"The speaker and the presentation were very informative. The workshop which we were involved into helped us to understand the process of information of MIL into learning process. We have been trained through our participation in [this] learning process."

Ms. Agota Kuperman — Interpreter

"Well organized workshop that involved everyone in creating and analyzing media messages. Tessa Jolls covered all major issues of media literacy, reinforcing both theory and practice we've heard so far."



Infographics:

The latest CML Infographic depicts the Media Triangle, which shows our ongoing relationship with media – and today, we serve multiple roles as producers and users of media. More Media Literacy Infographics are available on the [CML website](#).

About Us...

The Consortium for Media Literacy addresses the role of global media through the advocacy, research and design of media literacy education for youth, educators and parents. The Consortium focuses on K-12 grade youth and their parents and communities. The research efforts include health education, body image/sexuality, safety and responsibility in media by consumers and creators of products. The Consortium is building a body of research, interventions and communications that demonstrate scientifically that media literacy is an effective intervention strategy in addressing critical issues for democracy: <http://www.consortiumformedia literacy.org>

CONSORTIUM
for **MEDIA LITERACY**

Uniting for Development

Media Literacy Resources

Whom Do We Trust? The People!

To explore more about Adam Smith and the Theory of Moral Sentiments, as well as the work of Vernon Smith and Lynn Kiesling, check out these links:

<https://www.adamsmith.org/the-theory-of-moral-sentiments/>

<https://www.nobelprize.org/prizes/economic-sciences/2002/smith/biographical/>

<https://www.econlib.org/library/Columns/CourseyVSmith.html>

<https://dornsife.usc.edu/inet/vernon-smith/>

<https://plato.stanford.edu/entries/hume/>

<https://www.mruniversity.com/courses/great-economists-classical-economics-and-its-forerunners/adam-smith-theory-moral-sentiments>

<http://robertdputnam.com/bowling-alone/social-capital-primer/>

Med!aLit Moments

YouTubers are a popular presence in many of our lives, but is their constant posting a healthy and happy way to live – or is it more about being lonely with a crowd? Recently, the BBC did a report on YouTubers who have millions of followers, but few real friends:

When watching entertaining videos, it's easy to forget – and we're encouraged to forget – that the video is a construction, a product that's put together to entertain us or inform us or to “sell us.” And when we post on our own social media platforms, it's important to remember that we are only showing a part of ourselves or our day – which is no substitute for the “real” us.

AHA! YouTubers images may not be as real as they seem online.

Grade Level: 9-12

Materials: YouTube video: <https://www.youtube.com/watch?v=QUrNbl1INV4>

Key Question #1/Consumer:	Who created this message?
Core Concept #1:	Media messages are constructed
Key Question #1/Producer:	What am I authoring?
Key Word:	Authorship

Activity: Show the YouTube video that gives a “behind the scenes” look at YouTubers. Divide the students into pairs, and ask them to discuss with each other:

1. What effect did being a YouTuber have on the lives of these young people?
Give some specific examples.
2. There was mention of an algorithm that drives the number of views.
Who makes the algorithm? Does this algorithm have feelings?
Does the algorithm have purpose?
3. When you post on social media, what do you typically share?
Do you feel that people who see your shares really know you?

After students have a chance to discuss, ask each pair to report to the class what surprised them the most about their discussion with their partner.