

Gaslighting, the Asch Conformity Study, and Crowd Psychology Impacts

Psychological awareness and control is more important than ever and we need to talk about it.

As a result of what's happening in Washington, many Americans – myself included – have the feeling of being psychologically assaulted.

This is not imagination or idle complaint. It's a real thing. We can understand the source of the assault and its impact.

First consider the definition of gaslighting.

gas·light
/'gaslɪt/
verb
gerund or present participle: **gaslighting**

manipulate (someone) by psychological means into questioning their own sanity.
"in the first episode, Karen Valentine is being gaslighted by her husband"

As Wikipedia describes:

The term originates in the systematic psychological manipulation of a victim by the main character in the 1938 stage play *Gas Light*, known as *Angel Street* in the United States, and the film adaptations released in 1940 and 1944. In the story, a husband attempts to convince his wife and others that she is insane by manipulating small elements of their environment and insisting that she is mistaken, remembering things incorrectly, or delusional when she points out these changes. The original title stems from the dimming of the gas lights in the house that happened when the husband was using the gas lights in the attic while searching for hidden treasure. The wife accurately notices the dimming lights and discusses the phenomenon, but the husband insists she just imagined a change in the level of illumination.

To gaslight someone you flood them with falsehoods, or blatant contradictions of reality, to the point that they are mentally exhausted.

Inside your brain, hearing a falsehood is like getting an internal message that says “does not compute.”

When you get a “does not compute” message, your brain has to stop and recheck the original perception of reality... then examine the premise again... then figure out why the two don't match.

This exercise burns up calories. It takes energy. If you are forced to do this over and over, it is tiring. If you are hit with a barrage of lies and distortions non-stop, it is mentally exhausting.

Trump is a master of gaslighting. He has practiced on himself, creating his own reality as a safe space for his ego, for decades. The result is that, when Trump talks in paragraphs instead of tweets, even trying to parse what he is saying is exhausting.

There is an actual, physical cost – a loss of mental energy – that comes with trying to wade into a snarl of misconceptions and off-base statements. This cost is Trump's ace in the hole. He is too exhausting to refute point by point. In interviews through the years, you can all but see reporters throwing up their hands.

The new interview with Trump in *TIME* magazine is a classic example.

The below excerpt shows the concept. *It is mentally exhausting just to try and understand what he is saying.*

(In fact I recommend you don't try too hard – just skim it.)

[TIME interview with President Trump -- excerpt](#)

Do you want me to give you a quick overview [of the story]?

Yeah, it's a cool story. I mean it's, the concept is right. I predicted a lot of things, Michael. Some things that came to you a little bit later. But, you know, we just rolled out a list. Sweden. I make the statement, everyone goes crazy. The next day they have a massive riot, and death, and problems. Huma [Abedin] and Anthony [Weiner], you know, what I tweeted about that whole deal, and then it turned out he had it, all of Hillary's email on his thing. NATO, obsolete, because it doesn't cover terrorism. They fixed that, and I said that the allies must pay. Nobody knew that they weren't paying. I did. I figured it. Brexit, I was totally right about that. You were over there I think, when I predicted that, right, the day before. Brussels, I said, Brussels is not Brussels. I mean many other things, the election's rigged against Bernie Sanders. We have a lot of things.

But there's other things you said that haven't panned out. The peg for this story is the wiretapping hearing on Monday, in which [FBI Director James] Comey and [NSA Director Mike] Rogers testified about your tweets there.

Yeah well if you'd look at, in fact I'll give you the front page story, and just today I heard, just a little while ago, that Devin Nunes had a news conference, did you hear about this, where they have a lot of information on tapping. Did you hear about that?

I have not, no.

Now remember this. When I said wiretapping, it was in quotes. Because a wiretapping is, you know today it is different than wire tapping. It is just a good description. But wiretapping was in quotes. What I'm talking about is surveillance. And today, [House Intelligence Committee Chairman] Devin Nunes just had a news conference. Now probably got obliterated by what's happened in London. But just had a news conference, and here it is one of those things. The other one, election, I said we are going to win, we won. And many other things. And I think this is going to be very interesting.

So you don't feel like Comey's testimony in any way takes away from the credibility of the tweets you put out, even with the quotes?

No, I have, look. I have articles saying it happened. But you have to take a look at what they, they just went out at a news conference. Devin Nunes had a news conference. I mean I don't know, I was unable to see it, because I am at meetings, but they just had a news conference talking about surveillance. Now again, it is in quotes. That means surveillance and various other things. And the New York Times had a front-page story, which they actually reduced, they took it, they took it the word wiretapping out of the title, but its first story in the front page of the paper was wiretapping. And a lot of information has just been learned, and a lot of information may be learned over the next coming period of time. We will see what happens. Look. I predicted a lot of things that took a little of bit of time. Here, headline, for the front page of the New York Times, "Wiretapped data used in inquiry of Trump aides." That's a headline. Now they then dropped that headline, I never saw this until this morning. They then dropped that headline, and they used another headline without the word wiretap, but they did mean wiretap. Wiretapped data used in inquiry. Then changed after that, they probably didn't like it. And they changed the title. They took the wiretap word out.

That is not just crazy rambling bullshit. It is gaslighting bullshit. Statements that are false but came true *days later*? Statements about NATO that *still* don't reflect how NATO actually works? Prediction claims randomly pulled from a hat? "*Articles saying it happened???*" There are articles saying the moon landing was a hoax. Imagine trying to clean that up – to break it apart rationally. It would take a mop and bucket. It is mentally exhausting.

We are getting a flood of that. Not just from Trump himself, but Washington in general. It is gaslighting. *The simple assertion that the President of the United States is a rational leader with cognitive processes worthy of respect is now a form of gaslighting.*

After a while it becomes easier to either just throw up one's hands and say "I give up!" and tune it all out... or else to believe in the simple statements being force-fed over and over again. It is a form of psychological assault to be forced to mentally process this crap simply by dint of staying in touch with what is happening each day.

This kind of thing also happens in markets, and always has.

Think of what happened at the end of the dot com bubble.

At the very end of the dot com bubble, when the mania was at its height, even consummate cool-headed pros like Stan Druckenmiller got sucked in. Why?

I speculate, in part, because of collective gaslighting. Unless you are an ornery son of a bitch in terms of going your own way, your instinct to be a part of the crowd just wears you down. It forces you to give in.

If you hear enough people state with religious faith the belief that "eyeballs are everything, profits don't matter," and it goes on not just for months but a year or two, then trying to refute the assertion for the 500th time just becomes too hard. For those in the grip of a tribal belonging need, which is most people, it is easier to just join the party.

When gaslighting goes on long enough – when a collective mass delusion is force-fed long enough – it becomes a cognitive relief to stop fighting your tribal instincts, and to simply let go and accept what the crowd is saying or what the leader is saying... *even when the rational part of your brain still says it is nonsense.*

The tribal part of the brain is older than the reasoning part of the brain. Eventually, reason loses. *Rationality is completely optional. People subconsciously realize they can pick and choose where to be rational, and then go with whatever feels the most comfortable.*

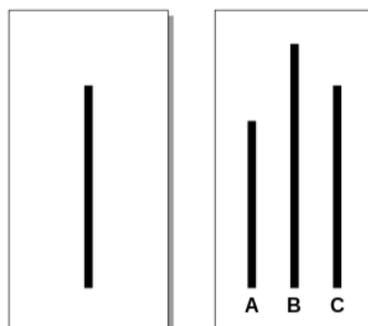
Something else is going on too. Deliberate deception means faith in one's own connection to reality will be tested.

The Asch Conformity Experiments of the 1950s

Imagine you are a college student participating in a study, along with seven other students.

You are told it is a study of perception.

You are shown the following cards:



The card on the left is the reference line.

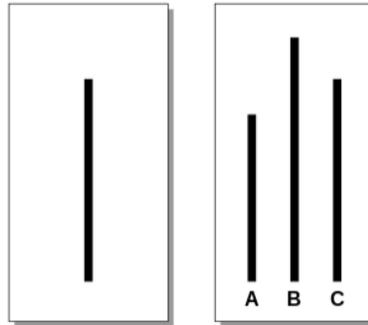
The question you are asked is, "Which line is closest to the reference line – A, B or C?"

The group is asked to give its answers aloud. You are the last to answer.

You are confident the answer is "C" (obviously). You prepare to give your answer.

But then something strange happens. All seven members of your group (who spoke before you) say the answer is "A."

What do you do? Do you stick with what your eyes are telling you? You KNOW the answer is "C." Don't you?



How could that be right, when everyone else in your group is saying the answer is not "C" but "A"?

Maybe you are wrong... maybe the light in the room is bad... maybe you still have a bit of a hangover from going out drinking last night (even though you feel fine)... maybe you need a new prescription for your contact lenses... maybe you should change your answer...

This was an actual experiment conducted by Solomon Asch at Swarthmore College in 1951.

Except it was not a study of perception, but the influences of crowd psychology.

There was only one real test subject in the experiments. The other seven participants were acting.

There were fifteen rounds in a session – fifteen different sets of cards.

Each time, the test subject was set up to answer the question last (so the seven actors could go first).

Each time, the seven actors were prepped to unanimously give a false answer – either "A" or "B" when the real answer was obviously "C," and so on.

The actors gave CORRECT answers in the first two rounds, in the same manner a hustler sets up a mark.

On rounds three through fifteen their answers were deliberately, and unanimously, wrong.

The purpose of the experiment was to see what degree individuals would be swayed. **Could individuals be convinced to deny the reality of compelling evidence in front of their own eyes?**

The answer – yes.

Here were the results (via Wikipedia), emphasis ours:

...the majority of participants' responses remained correct (63.2 per cent), but **a sizable minority of responses conformed to the confederate (incorrect) answer (36.8 percent)**. The responses revealed strong individual differences: Only 5 percent of participants were always swayed by the crowd. 25 percent of the sample consistently defied majority opinion, with the rest conforming on some trials...

Only 25% were stubborn go-their-own way types. At least 75% were swayed at least a little, some by a lot. And this was for a result that was obviously, clearly, observable. **What do you think happens, then – how much more swayable are people going to be – with messy “incomplete information” observations in the real world?**

Gaslighting and Asch Conformity Put Together

Here are some observations on our part:

In supporting Trump – and for reasons of personal gain or power games – Republicans are now perpetrating their version of an Asch Conformity Experiment on the public.

This decision may have been accidental. The Republicans are not good strategists – Paul Ryan may have boxed himself into destroying his career and reputation for all-time. In fact this is more likely, that the result was a string of frozen accidents coupled with a lack of moral guard rails. But the result is the same – an entire motivated group trying to perpetrate an “up is down” idea for preservation of power and influence.

This isn't an ideological observation. If Democrats had elected a leader who is mentally unfit and demonstrably a liar with a very high likelihood of being a national security risk, and Democrats had backed into a majority they needed to protect like a precious jewel, and if Democrats were going on talk shows saying down is up and black is white over and over as a result of getting backed into that situation, we would have the same diagnosis.

Gaslighting is a phenomenon we can understand psychologically – we can “get down to the physics” in human biological physico-chemical terms.

We can look at the mechanisms and processes required to separate truth from falsehood, and we can see the manner in which dissecting lies on the spot is mentally taxing in ways that processing reality is not.

Combining Gaslighting and Asch Conformity deception describes how propaganda works for stone cold pragmatic ends – to facilitate the amassing of power and legitimacy and resources to those with a willingness to wield these unscrupulous tools.

You don't have to be intentionally evil to do this stuff. All you have to do is put your morals aside. The slippery slope does the rest. Friedrich Hayek described this process quite well, in terms of political impact, in “The Road to Serfdom.”

This is what “populism” is. All of the manipulative populists in [Bridgewater's review of populism through the decades](#) instinctively if not consciously understood this.

Populist propaganda occasionally takes hold... and sweeps across nations and the world... because it is deeply seductive on the one hand (aligned to the psyches of the angry) and exhausting to resist on the other.

Markets Have Their Own Version of This

To make some further observations, relating to trading and investing, going beyond the events in Washington:

Markets have their own version of Gaslighting and Asch Conformity, above and beyond the political realm.

When analysts and investment managers and CEOs, who work for motivated actors (e.g. i-banks, asset managers, companies) spout rationalizations of a “new paradigm” over and over again, that can be a form of collective gaslighting.

Market gaslighting from motivated actors may not be consciously intentional, in the same way the impacts of pollution are not intentional. It can happen collectively, in such a way that each actor considers themselves innocent – a sort of psychological tragedy of the commons.

Consider the spreading of a bullish meme, like the idea that XYZ will help markets. If the vast majority of the crowd has positive incentive to believe this, they will reinforce this idea and circulate it without ill will or deceptive intention... and gaslight themselves without even realizing it.

Asch Conformity then kicks in to seal the deal. If a CEO hears that the vast majority of earnings calls are optimistic about the new years' outlook because of X... and if that CEO has incentive to see his own stock go up... then of course he will also be optimistic about X. He will not be a hard man (or woman) to convince.

Collective Humanity is a Self-Reinforcing Biased Feedback Confirmation Mechanism

Humans are dangerous animals.

When they get together collectively, and when they are *no longer guided by reason*, humans are a giant, emotionally driven, self-captivated non-reasoning crowd, capable of virtually *anything*, including everything from the production of euphoric market bubbles to mass murder and the herding of people into camps.

This is why humans can leave reason and logic completely behind – and routinely do so.

This is also why being part of a crowd is so dangerous. Once again we can “get down to the physics” of the herd mentality phenomenon. There are biological feedback loops working behind the scenes to wear down your resistance and conformatize your viewpoint. These feedback loops evolved over eons, a function of tribal survival mechanisms.

In markets, losing track of reason and logic ultimately means a loss of capital. But in politics, losing track of reason and logic, on a mass scale, can ultimately mean a loss of freedom, a loss of functioning society and markets, and a loss of life.

This, in part, is why the Trump phenomenon is so frightening, and not just because we have a president who could have a “senior moment” and trigger a nuclear strike justifying it with something bizarre. Trump could kill twenty million people and the next day believe he did nothing wrong. (If you don't think this is possible, [read the TIME interview again.](#))

And this is also why it is so important to have guardrails – like price action – in making trading and investing decisions, because it is simply too easy to be Gaslighted or Asch Conformatized otherwise, thanks to the HUGE conflicts of interest presented by nearly every single outspoken market participant, coupled with collective susceptibility to crowd delusion.

It is also time to SYSTEMATIZE and CLARIFY our basic understanding of all this.

It is not acceptable that things we understand generally and loosely, have still not yet been clarified into better understanding and clear courses of corrective action.

Popular Delusions and the Madness of Crowds was written in 1841 – 176 years ago! – and we still have an elementary school level understanding of this stuff.

We will break this down and turn it into clear understanding, and then turn that into methodology and process, and then turn it into results. It is INSANE that such has not been done before now.

For this I am grateful to Trump. Never before has the need for psychological clarity of process been more clear. To really understand where your weaknesses are, you need to have those weaknesses stress-tested. We are getting that now.

On a personal level I've been demoralized by the degree to which these psychological assaults have disrupted my flow – every DAY from Washington something new, it feels like it never ends, but it is part of the market narrative now – but at the same time newly energized by the new opportunities for lessons learned, which lead to investigatory trails as to new insights, new things to implement, as we push forward in our performance-based quest for cognitive evolution...