

Sorting fact from fiction: The role of cognitive ability, overconfidence and motivated reasoning

Abstract: Designing appropriate policies in order to combat fake news and promote trust in correct news calls for a systematic investigation into the underlying cognitive and psychological determinants of the belief in falsehoods and disbelief in facts. This paper investigates the role of cognitive ability, overconfidence, and motivated reasoning in the ability to discern correct and fake news in various news themes in Austria, Germany, and the UK. We also analyze their role in updating from new information and the evolution of opinions. We document that (i) the ability to discern correct and false news increases in cognitive ability; (ii) the positive effect of cognitive ability is immune to motivated reasoning; (iii) overconfidence may inhibit learning from noisy but informative signals; and (iv) surprisingly, motivated reasoning may increase in cognitive ability in certain news topics.