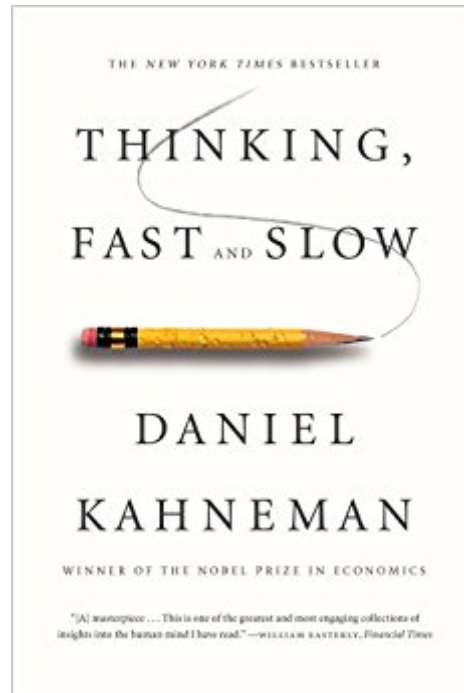




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Thinking, Fast And Slow



Synopsis

Major New York Times bestseller Winner of the National Academy of Sciences Best Book Award in 2012 Selected by the New York Times Book Review as one of the ten best books of 2011 A Globe and Mail Best Books of the Year 2011 Title One of The Economist's 2011 Books of the Year One of The Wall Street Journal's Best Nonfiction Books of the Year 2011 2013 Presidential Medal of Freedom Recipient Kahneman's work with Amos Tversky is the subject of Michael Lewis's The Undoing Project: A Friendship That Changed Our Minds In the international bestseller, Thinking, Fast and Slow, Daniel Kahneman, the renowned psychologist and winner of the Nobel Prize in Economics, takes us on a groundbreaking tour of the mind and explains the two systems that drive the way we think. System 1 is fast, intuitive, and emotional; System 2 is slower, more deliberative, and more logical. The impact of overconfidence on corporate strategies, the difficulties of predicting what will make us happy in the future, the profound effect of cognitive biases on everything from playing the stock market to planning our next vacation—each of these can be understood only by knowing how the two systems shape our judgments and decisions. Engaging the reader in a lively conversation about how we think, Kahneman reveals where we can and cannot trust our intuitions and how we can tap into the benefits of slow thinking. He offers practical and enlightening insights into how choices are made in both our business and our personal lives—and how we can use different techniques to guard against the mental glitches that often get us into trouble. Winner of the National Academy of Sciences Best Book Award and the Los Angeles Times Book Prize and selected by The New York Times Book Review as one of the ten best books of 2011, Thinking, Fast and Slow is destined to be a classic.

Book Information

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Customer Reviews

Best Books of the Month, November 2011: Drawing on decades of research in psychology that resulted in a Nobel Prize in Economic Sciences, Daniel Kahneman takes readers on an exploration of what influences thought example by example, sometimes with unlikely word pairs like "vomit and banana." System 1 and System 2, the fast and slow types of thinking, become characters that illustrate the psychology behind things we think we understand but really don't, such as intuition. Kahneman's transparent and careful treatment of his subject has the potential to change how we think, not just about thinking, but about how we live our lives. Thinking, Fast and Slow gives deep--and sometimes frightening--insight about what goes on inside our heads: the psychological basis for reactions, judgments, recognition, choices, conclusions, and much more.

Â --JoVon Sotak --This text refers to an out of print or unavailable edition of this title.

â œA tour de force. . . Kahneman's book is a must read for anyone interested in either human behavior or investing. He clearly shows that while we like to think of ourselves as rational in our decision making, the truth is we are subject to many biases. At least being aware of them will give you a better chance of avoiding them, or at least making fewer of them.â • â •Larry Swedroe, CBS Newsâ œDaniel Kahneman demonstrates forcefully in his new book, Thinking, Fast and Slow, how easy it is for humans to swerve away from rationality.â • â •Christopher Shea, The Washington Postâ œAn outstanding book, distinguished by beauty and clarity of detail, precision of presentation and gentleness of manner. Its truths are open to all those whose System 2 is not completely defunct. I have hardly touched on its richness.â • â •Galen Strawson, The Guardianâ œBrilliant . . . It is impossible to exaggerate the importance of Daniel Kahneman's contribution to the understanding of the way we think and choose. He stands among the giants, a weaver of the threads of Charles Darwin, Adam Smith and Sigmund Freud. Arguably the most important psychologist in history, Kahneman has reshaped cognitive psychology, the analysis of rationality and reason, the understanding of risk and the study of happiness and well-being . . . A magisterial work, stunning in its ambition, infused with knowledge, laced with wisdom, informed by modesty and deeply humane. If you can read only one book this year, read this one.â • â •Janice Gross Stein, The Globe and Mailâ œA sweeping, compelling tale of just how easily our brains are bamboozled, bringing in both his own research and that of numerous psychologists, economists, and other experts...Kahneman

has a remarkable ability to take decades worth of research and distill from it what would be important and interesting for a lay audience...Thinking, Fast and Slow is an immensely important book. Many science books are uneven, with a useful or interesting chapter too often followed by a dull one. Not so here. With rare exceptions, the entire span of this weighty book is fascinating and applicable to day-to-day life. Everyone should read Thinking, Fast and Slow.â••â••Jesse Singal, Boston GlobeâœWe must be grateful to Kahneman for giving us in this book a joyful understanding of the practical side of our personalities.â••â••Freeman Dyson, The New York Review of BooksâœBrilliant . . . It is impossible to exaggerate the importance of Daniel Kahneman's contribution to the understanding of the way we think and choose. He stands among the giants, a weaver of the threads of Charles Darwin, Adam Smith and Sigmund Freud. Arguably the most important psychologist in history, Kahneman has reshaped cognitive psychology, the analysis of rationality and reason, the understanding of risk and the study of happiness and well-being . . . A magisterial work, stunning in its ambition, infused with knowledge, laced with wisdom, informed by modesty and deeply humane. If you can read only one book this year, read this one.â••â••Janice Gross Stein, The Globe and MailâœIt is an astonishingly rich book: lucid, profound, full of intellectual surprises and self-help value. It is consistently entertaining and frequently touching, especially when Kahneman is recounting his collaboration with Tversky . . . So impressive is its vision of flawed human reason that the New York Times columnist David Brooks recently declared that Kahneman and Tversky's work âˆ“will be remembered hundreds of years from now,' and that it is âˆ“a crucial pivot point in the way we see ourselves.' They are, Brooks said, âˆ“like the Lewis and Clark of the mind' . . . By the time I got to the end of Thinking, Fast and Slow, my skeptical frown had long since given way to a grin of intellectual satisfaction. Appraising the book by the peak-end rule, I overconfidently urge everyone to buy and read it. But for those who are merely interested in Kahanman's takeaway on the Malcolm Gladwell question it is this: If you've had 10,000 hours of training in a predictable, rapid-feedback environment--chess, firefighting, anesthesiology--then blink. In all other cases, think.â••â••The New York Times Book ReviewâœAsk around and you hear pretty much the same thing. 'Kahneman is the most influential psychologist since Sigmund Freud,' says Christopher Chabris, a professor of psychology at Union College, in New York. 'No one else has had such a broad impact on so many fields' . . . It now seems inevitable that Kahneman, who made his reputation by ignoring or defying conventional wisdom, is about to be anointed the intellectual guru of our economically irrational times.â••â••Evan R. Goldstein, The Chronicle of Higher EducationâœThere have been many good books on human rationality and irrationality, but only one masterpiece. That masterpiece is Daniel Kahneman's Thinking, Fast and Slow . . . This is one

of the greatest and most engaging collections of insights into the human mind I have read.â

- William Easterly, Financial Timesâ œ[Thinking, Fast and Slow] is wonderful, of course. To anyone with the slightest interest in the workings of his own mind, it is so rich and fascinating that any summary would seem absurd.â
- Michael Lewis, Vanity Fairâ œAbsorbingly articulate and infinitely intelligent . . . What's most enjoyable and compelling about Thinking, Fast and Slow is that it's so utterly, refreshingly anti-Gladwellian. There is nothing pop about Kahneman's psychology, no formulaic story arc, no beating you over the head with an artificial, buzzword-encrusted Big Idea. It's just the wisdom that comes from five decades of honest, rigorous scientific work, delivered humbly yet brilliantly, in a way that will forever change the way you think about thinking.â
- Maria Popova, The Atlanticâ œI will never think about thinking quite the same. [Thinking, Fast and Slow] is a monumental achievement.â
- Roger Lowenstein, Bloomberg/Businessweekâ œProfound . . . As Copernicus removed the Earth from the centre of the universe and Darwin knocked humans off their biological perch, Mr. Kahneman has shown that we are not the paragons of reason we assume ourselves to be.â
- The Economistâ œ[Kahneman's] disarmingly simple experiments have profoundly changed the way that we think about thinking . . . We like to see ourselves as a Promethean species, uniquely endowed with the gift of reason. But Mr. Kahneman's simple experiments reveal a very different mind, stuffed full of habits that, in most situations, lead us astray.â
- Jonah Lehrer, The Wall Street Journalâ œ[A] tour de force of psychological insight, research explication and compelling narrative that brings together in one volume the high points of Mr. Kahneman's notable contributions, over five decades, to the study of human judgment, decision-making and choice . . . Thanks to the elegance and force of his ideas, and the robustness of the evidence he offers for them, he has helped us to a new understanding of our divided minds--and our whole selves.â
- Christopher F. Chabris, The Wall Street Journalâ œThe ramifications of Kahneman's work are wide, extending into education, business, marketing, politics . . . and even happiness research. Call his field "psychonomics," the hidden reasoning behind our choices. Thinking, Fast and Slow is essential reading for anyone with a mind.â
- Kyle Smith, The New York Postâ œA major intellectual event . . . The work of Kahneman and Tversky was a crucial pivot point in the way we see ourselves.â
- David Brooks, The New York Timesâ œKahneman provides a detailed, yet accessible, description of the psychological mechanisms involved in making decisions.â
- Jacek Debiec, Natureâ œWith Kahneman's expert help, readers may understand this mix of psychology and economics better than most accountants, therapists, or elected representatives. VERDICT A stellar accomplishment, a book for everyone who likes to think and wants to do it better.â
- Library Journalâ œThe mind is a hilariously muddled compromise

between incompatible modes of thought in this fascinating treatise by a giant in the field of decision research. Nobel-winning psychologist Kahneman (Attention and Effort) posits a brain governed by two clashing decision-making processes. The largely unconscious System 1, he contends, makes intuitive snap judgments based on emotion, memory, and hard-wired rules of thumb; the painfully conscious System 2 laboriously checks the facts and does the math, but is so "lazy" and distractible that it usually defers to System 1. Kahneman uses this scheme to frame a scintillating discussion of his findings in cognitive psychology and behavioral economics, and of the ingenious experiments that tease out the irrational, self-contradictory logics that underlie our choices. We learn why we mistake statistical noise for coherent patterns; why the stock-picking of well-paid investment advisers and the prognostications of pundits are worthless; why businessmen tend to be both absurdly overconfident and unwisely risk-averse; and why memory affects decision making in counterintuitive ways. Kahneman's primer adds to recent challenges to economic orthodoxies about rational actors and efficient markets; more than that, it's a lucid, marvelously readable guide to spotting--and correcting--our biased misunderstandings of the world.

• Publishers' Weekly (starred review) "For anyone interested in economics, cognitive science, psychology, and, in short, human behavior, this is the book of the year. Before Malcolm Gladwell and Freakonomics, there was Daniel Kahneman who invented the field of behavior economics, won a Nobel [and now explains how we think and make choices. Here's an easy choice: read this.]"

• The Daily Beast "This book is one of the few that must be counted as mandatory reading for anyone interested in the Internet, even though it doesn't claim to be about that. Before computer networking got cheap and ubiquitous, the sheer inefficiency of communication dampened the effects of the quirks of human psychology on macro scale events. No more. We must now confront how we really are in order to make sense of our world and not screw it up. Daniel Kahneman has discovered a path to make it possible."

• Jaron Lanier, author of You Are Not a Gadget "Daniel Kahneman is one of the most original and interesting thinkers of our time. There may be no other person on the planet who better understands how and why we make the choices we make. In this absolutely amazing book, he shares a lifetime's worth of wisdom presented in a manner that is simple and engaging, but nonetheless stunningly profound. This book is a must read for anyone with a curious mind."

• Steven D. Levitt, William B. Ogden Distinguished Service Professor of Economics at the University of Chicago; co-author of Freakonomics and SuperFreakonomics. "Thinking, Fast and Slow is a masterpiece--a brilliant and engaging intellectual saga by one of the greatest psychologists and deepest thinkers of our time. Kahneman should be parking a Pulitzer next to his Nobel Prize."

• Daniel Gilbert, Harvard University Professor of Psychology, author of Stumbling

on Happiness, host of the award-winning PBS television series "This Emotional Life" • This book is a tour de force by an intellectual giant; it is readable, wise, and deep. Buy it fast. Read it slowly and repeatedly. It will change the way you think, on the job, about the world, and in your own life. •

• Richard Thaler, University of Chicago Professor of Economics and co-author of Nudge • This is a landmark book in social thought, in the same league as *The Wealth of Nations* by Adam Smith and *The Interpretation of Dreams* by Sigmund Freud. •

• Nassim Taleb, author of *The Black Swan* • Daniel Kahneman is among the most influential psychologists in history and certainly the most important psychologist alive today. He has a gift for uncovering remarkable features of the human mind, many of which have become textbook classics and part of the conventional wisdom. His work has reshaped social psychology, cognitive science, the study of reason and of happiness, and behavioral economics, a field that he and his collaborator Amos Tversky helped to launch. The appearance of *Thinking, Fast and Slow* is a major event. •

• Steven Pinker, Harvard College Professor of Psychology, Harvard University, and author of *How the Mind Works* and *The Better Angels of our Nature*

When you come late to the party, writing the 160th review, you have a certain freedom to write something as much for your own use as for other readers, confident that the review will be at the bottom of the pile. Kahneman's thesis is that the human animal is systematically illogical. Not only do we mis-assess situations, but we do so following fairly predictable patterns. Moreover, those patterns are grounded in our primate ancestry. The first observation, giving the title to the book, is that eons of natural selection gave us the ability to make a fast reaction to a novel situation. Survival depended on it. So, if we hear an unnatural noise in the bushes, our tendency is to run. Thinking slow, applying human logic, we might reflect that it is probably Johnny coming back from the Girl Scout camp across the river bringing cookies, and that running might not be the best idea. However, fast thinking is hardwired. The first part of the book is dedicated to a description of the two systems, the fast and slow system. Kahneman introduces them in his first chapter as system one and system two. Chapter 2 talks about the human energy budget. Thinking is metabolically expensive; 20 percent of our energy intake goes to the brain. Moreover, despite what your teenager tells you, dedicating energy to thinking about one thing means that energy is not available for other things. Since slow thinking is expensive, the body is programmed to avoid it. Chapter 3 expands on this notion of the lazy controller. We don't invoke our slow thinking, system two machinery unless it is needed. It is expensive. As an example, try multiplying two two-digit numbers in your head while you are running. You will inevitably slow down. NB: Kahneman uses the example of multiplying two digit

numbers in your head quite frequently. Most readers don't know how to do this. Check out "The Secrets of Mental Math" for techniques. Kahneman and myself being slightly older guys, we probably like to do it just to prove we still can. Whistling past the graveyard - we know full well that mental processes slow down after 65.

Chapter 4 - the associative machine - discusses the way the brain is wired to automatically associate words with one another and concepts with one another, and a new experience with a recent experience. Think of it as the bananas vomit chapter. Will you think of next time you see a banana?

Chapter 5 - cognitive ease. We are lazy. We don't solve the right problem, we solve the easy problem.

Chapter 6 - norms, surprises, and causes. A recurrent theme in the book is that although our brains do contain a statistical algorithm, it is not very accurate. It does not understand the normal distribution. We are inclined to expect more regularity than actually exists in the world, and we have poor intuition about the tail ends of the bell curve. We have little intuition at all about non-Gaussian distributions.

Chapter 7 - a machine for jumping to conclusions. He introduces a recurrent example. A ball and bat together cost \$1.10. The bat costs one dollar more than the ball. How much does the ball cost? System one, fast thinking, leaps out with an answer which is wrong. It requires slow thinking to come up with the right answer - and the instinct to distrust your intuition.

Chapter 8 - how judgments happen. Drawing parallels across domains. If Tom was as smart as he is tall, how smart would he be?

Chapter 9 - answering an easier question. Some questions have no easy answer. "How do you feel about yourself these days?" Is harder to answer than "did you have a date last week?" If the date question is asked first, it primes an answer for the harder question.

Section 2 - heuristics and biases

Chapter 10 - the law of small numbers. In the realm of statistics there is a law of large numbers. The larger the sample size, the more accurate the statistical inference from measuring them. Conversely, a small sample size can be quite biased. I was in a study abroad program with 10 women, three of them over six feet. Could I generalize about the women in the University of Maryland student body? Conversely, I was the only male among 11 students and the only one over 60. Could they generalize anything from that? In both cases, not much.

Chapter 11 - anchors. A irrelevant notion is a hard thing to get rid of. For instance, the asking price of the house should have nothing to do with its value, but it does greatly influence bids.

Chapter 12 - the science of availability. If examples come easily to mind, we are more inclined to believe the statistic. If I know somebody who got mugged last year, and you don't, my assessment of the rate of street crime will probably be too high, and yours perhaps too low. Newspaper headlines distort all of our thinking about the probabilities of things like in and terrorist attacks. Because we read about it, it is available.

Chapter 13 - availability, emotion and risk.

Continuation.

Chapter 14 - Tom W's specialty. This is about the tendency for stereotypes to override

statistics. If half the students in the University area education majors, and only a 10th of a percent study mortuary science, the odds are overwhelming that any individual student is an education major. Nonetheless, if you ask about Tom W, a sallow gloomy type of guy, people will ignore the statistics and guess he is in mortuary science.

Chapter 15 - less is more. Linda is described as a very intelligent and assertive woman. What are the odds she is a business major? The odds that she is a feminist business major? Despite the mathematical impossibility, most people will think that the odds of the latter are greater than the former.

Chapter 16 - causes trump statistics. The most important aspect of this chapter is Bayesian analysis, which is so much second nature to Kahneman that he doesn't even describe it. The example he gives is a useful illustration.* 85% of the cabs in the city are green, and 15% are blue.* A witness identified the cab involved in a hit and run as blue.* The court tested the witness' reliability, and the witness was able to correctly identify the correct color 80% of the time, and failed 20% of the time.

First, to go to the point. Given these numbers, most people will assume that the cab in the accident was blue because of the witness testimony. However, if we change the statement of the problem so that there is a 20% chance that the blue identification of the color was wrong, but 85% of the cabs involved in accidents are green, people will overwhelmingly say that the cab in the accident was a green madman. The problems are mathematically identical but the opinion is different.

Now the surprise. The correct answer is that there is a 41% chance that the cab involved in the accident was blue. Here's how we figure it out from Bayes theorem.

If the cab was blue, a 15% chance, and correctly identified, an 80% chance, the combined probability is $.15 * .8 = .12$, a 12% chance.

If the cab was green, an 85% chance, and incorrectly identified, a 20% chance, the combined probability is $.85 * .2 = .17$, a 17% chance.

Since the cab had to be either blue or green, the total probability of it being identified as blue, whether right or wrong, is $.12 + .17 = .29$. In other words, this witness could be expected to identify the cab as blue 29% of the time whether she was right or wrong.

The chances she was right are .12 out of .29, or 41%. Recommend that you cut and paste this, because Bayes theorem is cited fairly often, and is kind of hard to understand. It may be simple for Kahneman, but it is not for his average reader, I am sure.

Chapter 17 - regression to the mean. If I told you I got an SAT score of 750 you could assume that I was smart, or that I was lucky, or some combination. The average is only around 500. The chances are little bit of both, and if I take a test a second time I will get a lower score, not because I am any stupider but because your first observation of me wasn't exactly accurate. This is called regression to the mean. It is not about the things you are measuring, it is about the nature of measurement instruments. Don't mistake luck for talent.

Chapter 18 - taming intuitive predictions. The probability of the occurrence of an event which depends on a number of

prior events is the cumulative probability of all those prior events. The probability of a smart grade school kid becoming a Rhodes scholar is a cumulative probability of passing a whole series of hurdles: studying hard, excelling in high school, avoiding drink and drugs, parental support and so on. The message in this chapter is that we tend to overestimate our ability to project the future.

Part three - overconfidence

Chapter 19 - the illusion of understanding. Kahneman introduces another potent concept, "what you see is all there is," thereafter WYSIATI. We make judgments on the basis of the knowledge we have, and we are overconfident about the predictive value of that observation. To repeat their example, we see the tremendous success of Google. We discount the many perils which could have totally derailed the company along the way, including the venture capitalist who could have bought it all for one million dollars but thought the price was too steep.

Chapter 20 - The illusion of validity. Kahneman once again anticipates a bit more statistical knowledge than his readers are likely to have. The validity of a measure is the degree to which an instrument measures what it purports to measure. You could ask a question such as whether the SAT is a valid measure of intelligence. The answer is, not really, because performance on the SAT depends quite a bit on prior education and previous exposure to standardized tests. You could ask whether the SAT is a valid predictor of performance in college. The answer there is that it is not very good, but nonetheless it is the best available predictor. It is valid enough because there is nothing better. To get back to the point, we are inclined to assume measurements are more valid than they are, in other words, to overestimate our ability to predict based on measurements.

Chapter 21 - intuitions versus formulas. The key anecdote here is about a formula for predicting the quality of a French wine vintage. The rule of thumb formula beat the best French wine experts. Likewise, mathematical algorithms for predicting college success are at least as successful, and much cheaper, than long interviews with placement specialists.

Chapter 22 - expert intuition, when can we trust it? The short answer to this is, in situations in which prior experience is quite germane to new situations and there is some degree of predictability, and also an environment which provides feedback so that the experts can validate their predictions. He would trust the expert intuition of a firefighter; there is some similarity among fires, and the firemen learn quickly about his mistakes. He would not trust the intuition of a psychiatrist, whose mistakes may not show up for years.

Chapter 23 - the outside view. The key notion here is that people within an institution, project, or any endeavor tend to let their inside knowledge blind them to things an outsider might see. We can be sure that most insiders in Enron foresaw nothing but success. An outsider, having seen more cases of off-balance-sheet accounting and the woes it can cause, would have had a different prediction.

Chapter 24 - the engine of capitalism. This is a tour of decision-making within the

capitalist citadel. It should destroy the notion that there are CEOs who are vastly above average, and also the efficient markets theory. Nope. The guys in charge often don't understand, and more important, they are blind to their own lack of knowledge.

Part four - choices

This is a series of chapters about how people make decisions involving money and risk. In most of the examples presented there is a financially optimal alternative. Many people will not find that alternative because of the way the problem is cast and because of the exogenous factors. Those factors include:

Marginal utility. Another thousand dollars is much less important to a millionaire than a wage slave.

Chapter 26 - Prospect theory: The bias against loss. Losing \$1000 causes pain out of proportion to the pleasure of winning \$1000.

Chapter 27 - The endowment effect. I will not pay as much to acquire something as I would demand if I already owned it and were selling.

Chapter 28 - Bad Events. We will take unreasonable risk when all the alternatives are bad. Pouring good money after bad, the sunk cost effect, is an example.

Chapter 29 - The fourfold pattern. High risk, low risk, win, lose. Human nature is to make choices which are not mathematically optimal: buying lottery tickets and buying unnecessary insurance.

Chapter 30 - rare events. Our minds are not structured to assess the likelihood of rare events. We overestimate the visible ones, such as tsunamis and terrorist attacks, and ignore the ones of which we are unaware.

Chapter 31 - Risk policies. This is about systematizing our acceptance of risk and making policies. As a policy, should we buy insurance or not, recognizing that there are instances in which we may override the policy. As a policy, should we accept the supposedly lower risk of buying mutual funds, even given the management fees?

Chapter 32 - keeping score. This is about letting the past influence present decisions. The classic example is people who refuse to sell for a loss, whether shares of stock or a house.

Chapter 33 - reversals. We can let a little negative impact a large positive. One cockroach in a crate of strawberries.

Chapter 34 - Frames and reality. How we state it. 90% survival is more attractive than 10% mortality.

Part V. Two selves: Experience and memory

Our memory may be at odds with our experience at the time. Mountain climbing or marathon running are sheer torture at the time, but the memories are exquisite. We remember episodes such as childbirth by the extreme of pain, not the duration.

Lift decision: do we live life for the present experience, or the anticipated memories? Are we hedonists, or Japanese/German tourists photographing everything to better enjoy the memories?

Back in 1994, Massimo Piattelli-Palmarini, Director of the Institute of San Raffaele in Milan, Italy, wrote a charming little book about common cognitive distortions called *Inevitable Illusions*. It is probably the very first comprehensive summary of behavioral economics intended for general

audience. In it, he predicted that the two psychologists behind behavioral economics - Amos Tversky and Daniel Kahneman - would win the Nobel prize. I didn't disagree with the sentiment, but wondered how in the world were they going to get it since these two were psychologists and there is no Nobel prize in psychology. I didn't think there was much chance of them winning the Nobel Prize in economics. I was wrong and Piattelli-Palmarini was right. Kahneman won the Nobel prize in Economic Sciences. (Tversky unfortunately prematurely passed away by this time.) Just as Steve Jobs who was not in the music industry revolutionized it, the non-economists Kahneman and Tversky have revolutionized economic thinking. I have known Kahneman's work for quite some time and was quite excited to see that he was coming out with a non-technical version of his research. My expectations for the book were high and I wasn't disappointed. Since other reviewers have given an excellent summary of the book, I will be brief in my summary but review the book more broadly. The basis thesis of the book is simple. In judging the world around us, we use two mental systems: Fast and Slow. The Fast system (System 1) is mostly unconscious and makes snap judgments based on our past experiences and emotions. When we use this system we are as likely to be wrong as right. The Slow system (System 2) is rational, conscious and slow. They work together to provide us a view of the world around us. So what's the problem? They are incompatible, that's what. System 1 is fast, but easily swayed by emotions and can be as easily be wrong as be right. You buy more cans of soup when the display says "Limit 12 per customer". We are on autopilot with this system. System 1 controls an amazing array of behavior. System 2 is conscious, rational and careful but painfully slow. It's distracted and hard to engage. These two systems together provide a backdrop for our cognitive biases and achievements. This very well written book will enlighten and entertain the reader, especially if the reader is not exposed to the full range of research relating to behavioral economics. This book serves an antidote to Malcolm Gladwell's Blink. Although Gladwell never says that snap judgments are infallible and cannot badly mislead us, many readers got a different message. As the Royal Statistical Society's Significance magazine put it "Although Gladwell's chronicle of cognition shows how quick thinking can lead us both astray and aright, for many readers Blink has become a hymn to the hunch." While Kahneman does show how "fast thinking" can lead to sound judgments, he also notes how they can lead us astray. This point is made much more clearly and deliberately in Kahneman's book. All my admiration for the brilliance and creativity of Kahneman (and Tversky) does not mean that I accept 100% of their thesis. Consider this oft-quoted study. Linda is 31 years old, single, outspoken, and very bright. As a student, she was deeply concerned with the issues of discrimination and social justice, and she also participated in anti-nuclear demonstrations. Which is more probable? 1. Linda is a bank teller. 2.

Linda is a bank teller and is active in the feminist movement. Eighty-five percent of test subjects chose the second option, that Linda was a bank teller and active in the feminist movement. Kahneman's interpretation is that this opinion is wrong because the probability of a (random) woman being a bank teller is greater than person's being a bank teller AND a feminist. What Kahneman overlooks here is that what most people answered may not be the question that was asked. The respondents may not have been concerned with mathematical probabilities, but rather could be responding to the question in reverse: Is it more likely for a current activist to have been an activist in the past compared to others in the profession? A more formal and theoretically better argued rebuttal of some of Kahneman's hypotheses can be found in the works of Gerd Gigerenzer. Kahneman notes that even top performers in business and sports tend to revert to the mean in the long run. As a result, he attributes success largely to luck. I'm not so convinced of this. There can be alternative explanations. People who achieve high degree of success are also exposed to a high degree of failure and the reversion to the mean may be attributable to this possible mirror effect. Spectacular success may go with spectacular failure and run-of-the-mill success may go with run-of-the-mill failure. Eventually everyone may revert the mean, but the ride can be very different. Chance may not account for that. Another concern is that much of the work is done in artificial settings (read college students). While much of what we learnt can perhaps be extended to the real world, it is doubtful every generalization will work in practice. Some may find Kahneman's endorsement of "libertarian paternalism," not acceptable. More importantly, when applied to the real world it did not always found to work. In spite to these comments this book is written carefully in a rather humble tone. I also appreciated Kahneman's generous and unreserved acknowledgement of Tversky's contributions and his conviction that, had he been alive, Tversky would have been the co-recipient of the Nobel Prize. My cautionary comments probably have more to do with the distortions that might arise by those who uncritically generalize the findings to contexts for which they may not applicable. As mentioned earlier, the wide misinterpretation of Gladwell's *Blink* comes to mind. Nevertheless, *Thinking Fast and Slow* is a very valuable book by one of the most creative minds in psychology. Highly recommended. For a more complete and critical understanding, I also recommend the writings of the critics of behavioral economic models such as Gerd Gigerenzer. PS. After I published this review, I noticed an odd coincidence between *Thinking Fast and Slow* and *Inevitable Illusions* that I mentioned in my opening paragraph. Both books have white covers, with an image of a sharpened yellow pencil with an eraser top. How odd is that?

This book changed the way I think. It's dense. You will probably put it down a lot because it gets a little dry and requires you to be engaged the whole time, but it is WELL WORTH the read. I feel like it has made me much wiser in how I use my judgement.

Truly a gem. So many interesting and obviously applicable studies. No oversimplification and lots of practical suggestions for implementing the findings in your own life. I help students prepare for standardized tests sometimes, and I now use the bat and ball problem regularly to illustrate the importance of checking your work. Regression to the mean is a useful concept as well. In fact, I challenge you to read it and not walk away thinking, "There are so many useful concepts here, I hope I remember them all!"

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