

Book Review: Thinking, Fast and Slow, by Daniel Kahneman

Review by John K. Chidester, originally composed on January 25, 2012

There's been no shortage, in recent years, of books on how human beings think and why it may be a colossal mistake to think of man as a "rational animal." Of all these books, the most complete and authoritative may well be the latest: Daniel Kahneman's "Thinking, Fast and Slow." It's something of a compendium of experimental and applied psychology, based on decades of groundbreaking research and presented in a lively, accessible manner that may offer us our best hope of understanding how truly messed up our thinking really is. And, somewhat surprisingly, given the dourness of that assessment, the book offers us reasons for optimism about our prospects (and not the reasons you might expect).

Daniel Kahneman is an emeritus professor of psychology at Princeton University and the Woodrow Wilson School of Public and International Affairs. He's written or edited half a dozen other important books on the psychological aspects of judgment, decision-making, economics and human well-being, along with numerous papers written for prestigious science journals, and his contributions to the field (along with those of his long-time late colleague, Amos Tversky) are legendary. In 2002 he won the Nobel Prize in economic sciences (which Tversky would have shared with him, had he not died in 1996) for his seminal work in debunking the classical economics notion of the "rational actor," the presumption that, particularly when dealing with income, outgo, wealth and consumption, people know what they need and want and can reliably predict the outcomes of their actions and act accordingly.

"Thinking, Fast and Slow" is a five-part (with two appendices) grand tour of the sum total of Kahneman's work since 1969, presenting a nicely metaphoric way of understanding the human mind and its everyday workings, and cataloging all the myriad ways (there are dozens of them) those workings can go wrong. The aim is to help us

work past our overconfidence in the accuracy of our perceptions and the reliability of our judgments (which overconfidence is a universal human characteristic and nearly impossible to change). The good news is that it might not matter much whether or not we can change; we've been functioning reasonably well on auto-pilot for thousands of years.

Your mind, Kahneman says, is like a theater with two actors, which he calls System 1 and System 2. System 1 is your intuitive self. It works at lightning speed to assess your surroundings and make quick decisions about almost everything, based on associative memory, emotion and gut instinct. System 1 is always on--you can never turn it off--and it normally gives over to System 2 only when a problem is too complex for a quick and simple response. System 2 is your slower, more thoughtful self that takes its time to look things over and puzzle them out. It likes to think it's in the driver's seat, controlling everything, but it's not. In fact, it's often, effectively, asleep. System 2 is also lazy, accepting and reinforcing System 1's snap judgments without scrutiny, and it tires easily. (Sustained mental effort actually drains your blood of glucose, just like running a marathon.)

There are some troublesome results of the ways System 1 and System 2 work and interact, and these show up in an array of cognitive biases that are explained as effects (the halo effect, the endowment effect, the framing effect, etc.), fallacies (sunk-cost fallacy, narrative fallacy, etc.), illusions (illusion of truth, illusion of control, illusion of skill, etc.) and heuristics (availability, mood, affect, etc.--"heuristic" is a fancy term for "rule of thumb"). So, for instance, in the "halo effect," someone who shows up as handsome or confident might also be judged (without any confirming evidence) as intelligent, competent, trustworthy, etc. In the "endowment effect" material possessions take on a greater value simply because you own them.

Two of the most pervasive biases are also potentially the most dangerous. Overconfidence in the soundness of our perceptions and judgments is one. The other

goes by a mouthful of acronym: WYSIATI (what you see is all there is). That is the illusion that your knowledge of a given subject, even if it's virtually no knowledge at all, is sufficient for your purposes and probably all there is. That which is unknown is deemed not to exist (until it pops up and bites you in the posterior). What is particularly remarkable about these biases and effects, apart from their number, is that they've all been experimentally demonstrated. They're not just theoretical; they actually exist.

Kahneman rounds off his book with a meditation on the meaning of it all for human happiness. This is complicated by the fact that humans are notoriously bad at predicting what will make them happy, yet our memory of things past seems to give them a rosier glow than they had at the time we were actually experiencing them. So we may think we've been happy, even if we haven't. Apparently, that's life.