

## Book Review

---

# Thinking Fast and Thinking Slow

**Edited By : Daniel Kahneman**

Allen Lane : USA ; 2011

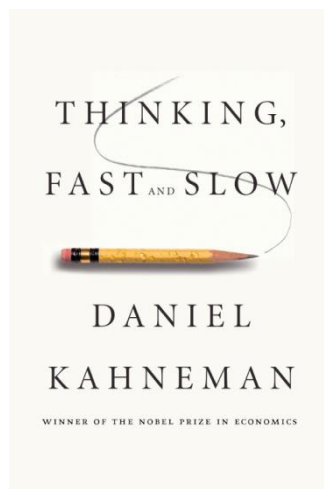
ISBN - 9781846146060

Cicilia Chettiar

Head, Department of Psychology, Maniben Nanavati Women's College, Mumbai

E-mail – [ciciliachettiar@yahoo.com](mailto:ciciliachettiar@yahoo.com)

---



Reviewing the book of a Nobel Laureate in Economics is no easy task. And if the particular laureate is a psychologist, it complicates matters further. Of course, it could just be a delusion, that someone of the stature of Daniel Kahneman even needs to have his book reviewed. But that would be my System 1 talking, the one that is automatic, quick on the draw and happy to jump to conclusions. I can't really rely much on System 2 because according to Kahneman, it is reliable but lazy, preferring to surrender to the mighty System 1 as it's easier that way. In case you're wondering who these characters are, let me introduce you to Kahneman's two protagonists, who like any other protagonists are a reasonable mix of good and bad, flaws and perfection.

Intuition, that hidden faculty which has received both empirical and mystical attention, is what this book is all about, rather about its biases. Kahneman aims to provide the appropriate vocabulary by which we can identify and understand errors of judgment and choice. What began as a work on intuitive statistics with Amos Tversky in 1969 led to almost 27 years of association studying biases, heuristics, errors and choices that affect our intuitive decisions. Along the way they managed to turn upside down a 300 year old theory of economics propounded by Bernoulli and other rational theories devised by Econs, the sub species of the human species that specialize in Economics. The Prospect Theory, their contribution to the field of human decision making is what essentially won Kahneman his Nobel in 2002. Tversky was unfortunately unable to share it due to his untimely death in 1996. This book is dedicated to Tversky and has numerous instances and episodes which both questioned established rational theories and offered proof of Humans with flawed decisions and judgments. In Kahneman's words this book describes, "the marvels as well as the flaws of intuitive thought."

The book is divided into five sections with a total of thirty-eight chapters. The book has at least one experiment on almost every page to describe how poorly we make decisions and how highly we regard them. Part I is mostly an elaboration on the personalities of Systems 1 and 2 and how easily they can walk us down the wrong path. Using experiments and example to explain cognitive illusions, attention, associations, heuristics and substitutions, Kahneman makes it abundantly clear that we have inherited mechanisms that prefer cognitive ease to cognitive strain. Our need for coherence and causality permit biases to have an upper hand even when we think we are rationally processing inputs from the environment to arrive at logical conclusions. System 2 can be manipulated to endorse System 1's flaws and hence we happily travel through life measuring its moments by the speed of our decisions.

Part II is where it might become slightly unwieldy for the stats-phobic individual, which again by the way is a System 1 illusion. Statistically, differences in phenomenon observed across populations follow systematic patterns. But the average individual is not a statistician and Kahneman explains how anchors and heuristics detract from our ability to even think logically. Risk taking or risk aversive behaviors are both a function of heuristics. Similarly the ability to judge the group membership of an individual is prone to fallacies and our hunger for cause-effect relationships. Stereotypical assumptions are generated from individual data rather than from group data. The concept of poetic justice where the good are rewarded and the evil punished is rarely seen in real life. Through the concept of regression, Kahneman explains why this is so. However this Part concludes on an optimistic note that with training our lazy System 2 can be trained to behave a little more rationally.

Part III focuses on our automatic over confidence in our judgments and why we should not completely trust our evaluation of events. Neither experts nor regular citizens can be confident that their predictions, especially in the long term can have any validity. There is a general craze for expert opinions, in spite of repeated proofs of their inaccuracy over time and across situations. Kahneman collaborated with Gary Klein to take away the mystical charm of intuition and bring it down to the realm of memory. This section on the collaboration between the two is particularly interesting simply because it proves that even if you're an expert on biases and heuristics, your personal experiences will always guide your perceptions and you won't let go of your favourite System 1 strategy. Kahneman also turns down the spotlight on optimism by showing that although it can be physically and emotionally beneficial, it can be economically harmful.

Part IV is all about economics theories and why they are wrong from a psychologist's point of view. The basic cause is that economic theories assume that individuals will function from a position of rationality and utility. However, they do not account for the actions of Systems 1 and 2 which impact decisions specific to choices. This part contains a chapter titled Bernoulli's error where the simple act of introducing the concept of reference points negates the assumptions of Bernoulli. Prospect Theory is introduced here as a more feasible alternative to understanding how individuals decide when faced with a simple gamble and a certainty. This section also introduces the reader to a relatively new field called neuro-economics. Though Kahneman disagrees that specific parts of the brain only fulfill certain duties, he does illustrate how the various new neuro-imaging techniques can help identify which parts of the brain light up under specific conditions and how they can be useful in understanding decision making.

Part V has only four chapters and covers what is popularly called as happiness studies. He clarifies the distinction between our remembering self and our experiencing self and explains how the latter usually tends to over ride the former. Also attempting to understand well being and satisfaction, he introduces a method called Day Reconstruction Method as an alternative to the Experience Sampling Method devised by Mihalyi Csikszentmihalyi. The results of his study have important implications for social policy and the well being of the citizenry and have been included in the large-scale well ness surveys of more than a hundred and fifty nations. The studies This distinction will make it for people to understand the role of money in their lives. Finally, his inputs on the focusing illusion where events are assigned importance only when they are thought of explains why paraplegics and lottery winners are not permanently sad or happy. He confirms that money cannot buy happiness, but it does bring in a large amount of life satisfaction.

In the conclusion, Kahneman reviews his book in the reverse order and asserts that having the right vocabulary to understand errors makes decision making a more accurate process, easier for the observer to identify these errors than for the individual who makes them. The appendices have two articles by Kahneman and Tversky that helps the reader understand the technicalities of the heuristics, biases and frames that were discussed in the book. There are extensive notes at the end providing sources and clarifications for the various terms used across the book.

The book is indeed a heavy read for those not accustomed to reading about so many concepts at one go. It is literally an autobiography of Daniel Kahneman's research life though he has denied this possibility right at the start. He felt it was a presentation on how the mind works based on the recent developments of social and cognitive psychology. He has tried to make it as simple as possible for the non-technical reader, yet it still might thwart a less motivated reader. On the other hand, anyone curious about the human thought process and its inaccuracies will find it full of surprising findings and intelligent debate. It has many peak moments where the reader is faced with flashes of brilliance and intuition regarding the findings. Some reviewers have wondered if it should have been presented as three separate books, but to me it would seem like an incomplete story and ruin the experience. As far as this book is concerned, the experiencing self will definitely over ride the remembering self.

**Rating**

4 out of 5

Acknowledgements – Nil

Source of Funding – Nil

Conflict of Interest – Nil