How Easy It Is to Make Bad Choices

A Review of

Thinking, Fast and Slow
by Daniel Kahneman

http://dx.doi.org/10.1037/a0027527

Reviewed by

William Holcomb

Thinking, Fast and Slow can be described as a review of current knowledge and thinking on the psychology of judgments and decision. The author, Daniel Kahneman, is a winner of the Nobel Prize in Economics and a recognized founder of behavioral economics. The book is a reflection of a lifelong career devoted to experimental cognitive psychology.

However, the author goes beyond a general review and boldly applies the findings of his own research and that of other cognitive psychologists to major policy areas such as criminal justice, law, medicine, economics, financial investing, and modern media, among others. In later chapters, the perspective is broadened to the important life issues of personal judgments about happiness and psychological well-being. Kahneman is uniquely qualified to make this application of cognitive psychology because of his important research in both judgment heuristics and assessment of happiness.

Some reviewers have already described this book as one of the top publications in 2011. Others have stressed that this is one of the most important books for the field of psychology to have been published in many years. I would concur with these evaluations and would encourage that graduate students and professional psychologists in most areas of practice should read this book.

Key Highlights

A starting point for this work is the research that Kahneman and his longtime collaborator Amos Tversky completed on judgment under uncertainty. They identified 20 heuristics used in decision making that often lead to intuitive conclusions that are irrational, self-defeating, and wrong. Two of their influential articles published in Science (Tversky & Kahneman, 1974) and in American Psychologist (Kahneman & Tversky, 1984) are included in their entirety in the appendices so that readers can understand the foundation upon which this work is based. In this book, Kahneman updates and refines this early work. For example, he
stresses that earlier formulations of judgment heuristics underestimated the importance of emotions in faulty decision making.

The final chapter is a good overview and summarizes three different strategies that Kahneman uses to present his thinking. His first strategy, which he says he borrowed from others (Stanovich & West, 2000), uses an imaginary structure of thinking made up of System 1 and System 2. System 1 is unconscious and the fast-thinking part of our mental life, and System 2 is the conscious I and is more deliberate but lazy and accepts the impressions and suggestions of System 1. The interplay between these ways of thinking is used to summarize the decision-making processes.

While reading and rereading this book, I could not keep from thinking about how intellectually satisfying it was compared with reading the early works of Freud about the unconscious. Freud described the effects of the unconscious on clinical symptomology in a broad fashion without controlled experimental examination. Kahneman lays open the unconscious to scientific investigation and details the impressions and feelings that guide our lives but that originate in the "silence of our minds" (p. 40).

For me, the presentation of Systems 1 and 2 is the richest part of this great book. Kahneman explains the mind’s efforts to adapt in irrational ways through substituting easy questions for more difficult questions, the working of halo effects, overconfidence, judgments based on ease of recall data from memory, associations we unconsciously make in memory, and, most important, memory functioning as it works through storytelling.

The discussion of cognitive ease and ego depletion is a wonderful review of Kahneman’s unique work with pupil dilation experiments and findings of others (Gailliot & Baumeister, 2007). This discussion is an example of how the book is not just a presentation of research findings but also a record of a life of reflection and a successful effort at integrating the work of many cognitive psychologists. I had the impression that the author told himself one day that this was his chance to throw everything he had learned from his life’s work into one book. As a reader, one feels lucky to participate.

A second strategy of Kahneman’s is to explore the dichotomy of “econs” and humans. Econs are represented by the University of Chicago tradition of economics, in which it is assumed that people make decisions in a rational way in their own best interest. This is a summary of much of Kahneman’s earlier work and is disjunctive somewhat from the first and last sections of the book. He juxtaposes his views with those of Milton Friedman of the University of Chicago, who argued that people should be free to make decisions in their lives and then markets decide the consequences of those decisions (Friedman & Friedman, 1980).

Kahneman argues that people's judgments are often not rational, and therefore freedom of choice has a cost to society in terms of bad decisions that people make. The author states that people cannot be forced to make rational decisions, but they can be nudged to do so by governmental policies through an opt-out process (e.g., people have to mark a box not to receive some benefit). Because System 1 is the primary source of bad intuitive judgments, then a strategy of presenting alternatives to people so that they have to take action to opt out and therefore actively engage System 2 is a way of giving people an opportunity to avoid following a bad intuitive judgment. The opt-out decision process is currently used by government agencies and companies in areas of health insurance decisions and employee savings options, for example.
This argument is disconcerting. I personally resent the many efforts of others to force me to make a decision not to decide on something. The forced opt-out scenario is an infringement on my freedom. Even though it would be an example of a bad judgment from Kahneman’s perspective, I believe that people would reject this policy approach if asked to vote for it.

A third strategy of the author is to describe judgments that people make based upon a contrast between the experiencing self and the remembering self. Kahneman presents a treasure of basic research to show that these two selves see the world very differently. People’s assessment of their happiness is based on what they remember and not necessarily on what they experience. Individuals weight their assessment of well-being by peak and most recent experiences and not by duration or quantity of good and bad experiences. The author’s discussion of goal setting as a way of bringing together the remembering self and the experiencing self has applications to business plans, family care plans, health care plans, and other areas in which goal setting is used.

**Limitations**

The sign of a great book is the amount of nagging questions one continues to think about after reading the book. One of those questions for me is a contradiction of logic that is manifest throughout book. Kahneman argues that any conviction that the world makes sense is misplaced and based on an underestimate of people’s ignorance. He argues against the claimed expertise in several disciplines and questions whether “truth” can be ascertained. He highlights the irrational overconfidence of judgments people make and is even open about the fact that he does not believe that his own ability to make good judgments has increased that much after a lifetime of studying judgment biases.

Yet Kahneman calls for the contribution of cognitive psychologists to aid governments and organizations in formulating risk policies in different arenas. This is a contradiction. Perhaps it is wishful thinking, but I would hope that a more positive view, like that of David Deutsch (2011), can provide a more balanced perspective that humans can enhance their future well-being through scientific inquiry.

It is not always clear how Kahneman gets to his conclusions. Sometimes the difference between what the author refers to as a “provocative” (p. 77) idea and an experimentally supported position is not clear. For example, Kahneman argues that the universal expression of religion is based on System 1 operations. Religious faith originates because people need a good story of causes, when in reality chance and luck rule. New information that does not confirm the story of religion would not be assimilated into religious beliefs and would be rejected. Even though this explanation for the expression of religious beliefs is plausible, the experimental evidence is not clearly presented. To include this explanation in a book that wonderfully draws conclusions about many aspects of life with experimental data seems tangential and perhaps misleading.

**Further Directions**

A great contribution of *Thinking, Fast and Slow* is the many suggestions and tools it provides to help people with decision making. These tools alone would have made this book a very important work. I was disappointed that these suggestions are not better
summarized in the final chapter. One example is the author’s suggestion of the use of checklists to protect against decision-making biases. I would love to have seen a checklist created by Kahneman to protect against the planning fallacy, neglect of base rates, the sunk cost fallacy, the halo effect, the taboo tradeoff, and many other biasing heuristics that are presented. But, this could be a separate book on “Tools to Aid Rational Decision Making” and could be an expansion of a recent article Kahneman and colleagues wrote in the Harvard Business Review (Kahneman, Lovallo, & Sibony, 2011).

The author cautions that Systems 1 and 2 do not correspond with any structures in the brain. However, the work of others, such as Antonio Damasio (1999), and neuropsychological research could be used in a discussion to link brain functions with brain structure and clarify further judgment processes.

Summary

There is so much in Thinking, Fast and Slow that it could have been several books. Because of the personalized style of writing, readers will feel like they are on a journey with the author, and it is a great journey. At times the connections between conclusions and applications and the experimental evidence are not clear. But the boldness and creativity of the applications force readers to fully engage their own System 2 and ask whether the evidence presented supports the applications. This book is a marvelous overview of the experimental psychology of judgment and decision that educates the public regarding application of the scientific method in psychology and should excite students and professional psychologists alike about the contribution that we can make to better the human condition.

References


