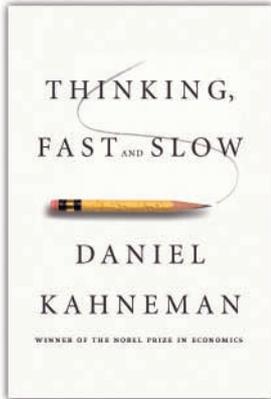


Gut instinct

A book that will help you understand why people make the choices they do



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REVIEWED BY
DESMOND HALLETT

Daniel Kahneman is the Eugene Higgins Professor of Psychology Emeritus at Princeton University and recipient of the 2002 Nobel Prize in Economic Sciences for his work on decision making. If this slight biography brings to mind a boring academic study full of footnotes and jargon, be prepared for a surprise. Kahneman has produced an eminently readable and enlightening text that illuminates how and more importantly why, we think the way we do.

Much of the discussion in this book is about biases of intuition, what they are and how they apply to decision-making. Here's how it's explained in the introduction to the text: "...most impressions and thoughts arise in your conscious experience without your knowing how they got there. You cannot trace how you came to the belief that there is a lamp on the desk in front of you, or how you detected a hint of irritation in your spouse's voice on the telephone, or how you managed to avoid a threat on the road before you became consciously aware of it. The mental work that produces impressions, intuitions and many decisions goes on in silence in our minds."

Professor Kahneman goes on to say, "As we navigate our lives, we normally allow ourselves to be guided by impressions and feelings and the confidence we have in our intuitive beliefs and preferences is usually justified. But not always. We are often confident even when we are wrong, and an objective observer is more likely to detect our errors than we are." Kahneman is that objective observer and for more than 40 years he has been conducting research into judgement and decision-making.

Though the findings of this book are rooted in the results of an avalanche of psychological studies, it is neither dry nor technical reading material. The studies engage the reader, provoking a re-examine of past experience and providing insight into our wonderfully intuitive thought processes, even as they illustrate how flawed these processes can sometimes be.

Here's one of the literally hundreds of examples you'll find in the book. An individual has been described by a neighbour as follows: "Steve is very shy and withdrawn, invariably helpful but with little interest in people or in the world of reality. A meek and tidy soul, he has a need for order and structure and a passion for detail." Is Steve more likely to be a librarian or a farmer? The resemblance of Steve's personality to that of a stereotypical librarian strikes everyone immediately. "But equally relevant statistical considerations are almost always ignored. Did it occur to you that there are more

than 20 male farmers for each male librarian in the United States?"

The above example shows that "...participants in our example ignored the relevant statistical facts and relied exclusively on resemblance. We proposed that they used resemblance as a simplifying heuristic (roughly a rule of thumb) to make a difficult judgement. The reliance on the heuristic caused predictable biases (systematic errors) in their predictions."

Professor Kahneman uses the metaphor of two agents called system 1 and system 2, which produce fast (intuitive) thinking and slow (deliberate) thinking. As he says, "most of this book concerns the working of system

1 and the mutual influences between it and system 2."

There is no simple way to distil all the information in this book. The examples given throughout are catalysts to inspire further thought. It makes you re-evaluate the way you think about everything. If you want insight into how the decisions we make every day are influenced by every other decision we have made in the past, and how biases (and systematic errors) have huge consequences on those decisions, read this book. Every chapter offers paradigm-shifting insights that will keep you avidly turning the page and challenging your own assumptions—always good exercise, no matter your field of endeavour. | ABM

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