Book Review


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An international bestseller by Daniel Kahneman, winner of the Nobel Prize for Economics and a renowned psychologist, this book explains how our minds work by creating two fictitious characters: System 1, the automatic system, and System 2, the effortful system. System 1 operates automatically and quickly, with little or no effort and no sense of voluntary control. The automatic, intuitive operations of System 1 generate surprisingly complex patterns of ideas; System 2 allocates attention to the effortful mental activities that demand it, including complex computations. The operations of the slower System 2 are often associated with the subjective experience of agency, choice and concentration.

The author gives great credit to System 1 for the many tasks it performs intuitively and effortlessly, but cautions that frequently it is wrong because of limited attention, distractions, cognitive illusions and laziness. Frequently, our confidence in our knowledge is misplaced.

System 2 needs to be called on in order to challenge our assumptions and “high intelligence does not make people immune to biases” (p. 48) but, ‘pervasive activities that impose high demands on System 2 require self-control, and the exertion of self-control is depleting and unpleasant.’ (p. 42)

A common assumption that we can make good decisions despite the influences in the environment around us is laid to rest. Priming, that is suggestions in forms of images and words, influence our decisions. When words are given to a group of young people that contain thoughts of old age but never using the word old, these thoughts prime a behavior like walking slowly, which is associated with old age. to ‘A study of voting patterns in precincts of Arizona
in 2000 showed that the support for propositions increase funding of schools was significantly greater when the polling station was in a school’ (p. 55).

Based on cognitive ease, when we are in a good mood, like what we see, believe what we hear, trust our intuitions and feel that the current situation is comfortably familiar, we are likely to be casual and superficial in our thinking (p. 60) Research with groups shows that a, ‘reliable way to make people believe in falsehoods is frequent repetition because familiarity is not easily distinguishable from truth (p.62)’.

One of the more challenging topics Kahneman examines is regression to the mean (pp. 175-184). in examining leadership and management practices, poor performance is typically followed by improvement and good performance by deterioration primarily because of good luck. The difficulty in understanding this theory is that our mind is strongly biased toward causal explanations and does not deal well with “mere statistics”. When our attention is called to an event, associative memory will look for its cause – more precisely, activation will automatically spread to any cause that is already stored in memory (p. 182). And it will be wrong. “A study of Fortune’s “Most Admired Companies” finds that over a twenty-year period, the firms with the worst ratings went on to earn much higher stock returns than the most admired firms (p. 207).”

When he shares his thoughts on the illusion of validity, he shares the story that the forecast of success of future leadership ability in a group of soldiers by him and his colleagues was little better than random guesses, and despite that knowledge, they continued to make predictions and to feel and act as if their predictions were valid. He applies the same illusion to investing: based on fifty years of research, the selection of stocks is largely by chance.

Given my firm belief in embodied knowing and in validation of claims to know, Daniel Kahneman reminds me to continue in these beliefs but reaffirms the importance of rigour to challenge unsubstantiated claims: a reminder that we don’t know what we don’t know. There’s the challenge.

The book itself is an easy read except when it isn’t: it seemed to bog down for me in the descriptions of statistical analysis and became easier in the telling of stories. I most appreciated his capacity to make me challenge my intuitive knowledge, System 1 and engage more with System 2, effortful mental activities.