



Decision-making Thinking about thinking

Michael Lewis dissects the enduring friendship between Daniel Kahneman and Amos Tversky

Dec 15th 2016

The Undoing Project: A Friendship that Changed Our Minds. By Michael Lewis. *W.W. Norton*; 362 pages; \$28.95. *Allen Lane*; £25.

DURING the second world war a young Jewish boy was caught after curfew on the streets of Nazi-occupied Paris by an SS soldier. The soldier picked him up, hugged him, showed him a photograph of another boy and gave him money. The young Daniel Kahneman left more certain than ever that his mother was right: “People were endlessly complicated and interesting.” His curiosity about human thinking would lead him to a pioneering career in psychology, exploring the systematic flaws of decision-making, in a remarkable partnership with his collaborator, Amos Tversky. In 2002 Mr Kahneman (pictured) won a Nobel prize in economics, for work on how people overvalue losses relative to gains. Tversky would have shared it had he not died in 1996.

This is the terrain of Michael Lewis’s new book, “The Undoing Project: A Friendship that Changed our Minds”. It is part biography of a friendship and part account of psychology’s impact, while also taking in much of modern Israel’s history. It is a fine showcase of Mr Lewis’s range.

Mr Kahneman was introverted, formal and pessimistic, and worked conventional hours; Tversky was extroverted, informal and incorrigibly optimistic, keeping the hours of a bat. But the two shared a fascination with how people repeatedly make the same kinds of irrational mistakes. “We study natural stupidity,” Tversky quipped. At times, the two were “sharing a mind”, Mr

Kahneman said, sitting at the typewriter together and blissfully unaware of who had contributed what to their work. They also had their tensions: Mr Kahneman was, for example, envious of Tversky, who attracted far more attention. But they remained so close that when Tversky was diagnosed with cancer, Mr Kahneman was the second person he told.

Academic work can be intellectual navel-gazing. But the Kahneman-Tversky partnership was always engaged in the real world, thanks to both men's early experiences in Israel. At 21 Mr Kahneman was assigned to the army's psychology unit. He overhauled the assessment of recruits, improving judgments by reducing the weight given to gut feelings; the methods have barely been tweaked since. During the Yom Kippur war in 1973, the two psychologists told the army to see what food soldiers threw into the rubbish in order to give them food they really wanted, and persuaded the air force to scrap investigations into a squadron suffering terrible losses: with a small sample size, the extra deaths were probably random. As their work on irrational decision-making has made its way into the wider world, it has also irritated incumbent pundits. When Daryl Morey, the general manager of the Houston Rockets basketball team, used behavioural economics to influence his choice of players, Charles Barkley, a commentator and former NBA star, denounced him and those like him: "They never got the girls in high school and they just want to get in the game." In decision-making certain flaws are much easier to identify than amend, it seems.

Some governments have tried to act on these insights. Barack Obama hired Cass Sunstein, a scholar heavily influenced by Mr Kahneman and Tversky, to design behavioural "nudges" that encourage people to do the right thing without forcing them. Britain created its own "nudge unit", which for example reworded a request for organ donation by first asking people if they would want to receive an organ if they needed one. Positive response rates jumped by enough to increase the donor rolls by 100,000 per year.

Like Mr Lewis's 13 previous books, "The Undoing Project" is a story of remarkable individuals succeeding through innovative ideas. Here, the balance is geared more towards the ideas, and the pace is slower than, say, "Liar's Poker", his first book. Yet, with his characteristic style, Mr Lewis has managed the unusual feat of interweaving psychology and the friendship between the two men. Two decades after he died, Tversky's partnership with Mr Kahneman is still changing the world.

This article appeared in the Books and arts section of the print edition under the headline "Thinking about thinking"