

THIS JOURNEY INTO the many ways in which we are all irrational, then, is what this book is about. The discipline that allows me to play with this subject matter is called *behavioral economics*, or judgment and decision making (JDM).

Behavioral economics is a relatively new field, one that draws on aspects of both psychology and economics. It has led me to study everything from our reluctance to save for retirement to our inability to think clearly during sexual arousal. It's not just the behavior that I have tried to understand, though, but also the decision-making processes behind such behavior—yours, mine, and everybody else's. Before I go on, let me try to explain, briefly, what behavioral economics is all about and how it is different from standard economics. Let me start out with a bit of Shakespeare:

*What a piece of work is a man! how noble in reason!  
how infinite in faculty! in form and moving how  
express and admirable! in action how like an angel!  
in apprehension how like a god! The beauty of the  
world, the paragon of animals. —from Act II,  
scene 2, of Hamlet*

The predominant view of human nature, largely shared by economists, policy makers, nonprofessionals, and everyday Joes, is the one reflected in this quotation. Of course, this view is largely correct. Our minds and bodies are capable of amazing acts. We can see a ball thrown from a distance, instantly calculate its trajectory and impact, and then move our body and hands in order to catch it. We can learn new languages with ease, particularly as young children. We can master chess. We can recognize thousands of faces without