But there's a bigger lesson that I would like to draw from this experiment—and in fact from all that I have said in the preceding chapters. Standard economics assumes that we are rational—that we know all the pertinent information about our decisions, that we can calculate the value of the different options we face, and that we are cognitively unhindered in weighing the ramifications of each potential choice.

The result is that we are presumed to be making logical and sensible decisions. And even if we make a wrong decision from time to time, the standard economics perspective suggests that we will quickly learn from our mistakes either on our own or with the help of "market forces." On the basis of these assumptions, economists draw far-reaching conclusions about everything from shopping trends to law to public policy.

But, as the results presented in this book (and others) show, we are all far less rational in our decision making than standard economic theory assumes. Our irrational behaviors are neither random nor senseless—they are systematic and predictable. We all make the same types of mistakes over and over, because of the basic wiring of our brains. So wouldn't it make sense to modify standard economics and move away from naive psychology, which often fails the tests of reason, introspection, and—most important—empirical scrutiny?

Wouldn't economics make a lot more sense if it were based on how people actually behave, instead of how they should behave? As I said in the Introduction, that simple idea is the basis of behavioral economics, an emerging field focused on the (quite intuitive) idea that people do not always behave rationally and that they often make mistakes in their decisions.

In many ways, the standard economic and Shakespearean views are more optimistic about human nature, since they