

## The Undoing Project: A friendship that changed our minds - Michael Lewis

These books give a summary on the world changing research done by Daniel Kahneman and Amos Tversky.

The author starts off by exploring the usage of this research within professional sports teams. There are a multitude of heuristics that were evident in the process of scouting.

The book then goes over the childhood and upbringing of Daniel Kahneman. Kahneman was a Jew born during the Nazi Occupation of France. A lot of Daniel's childhood was spent in running from the Nazis. After the war his family moved to Israel where he was generally well liked by many friends. Amos Tversky was born in Israel in 1937. He served in the army and was decorated for bravery. They met at Hebrew University in Jerusalem. After meeting they became nearly inseparable. The project which upon they embarked, was pertaining to the heuristics in which individuals perform probabilistic calculations. They found that people do not follow exact models of Bayesian statisticians. These heuristics they found were not solely within probabilistic calculations, but were also evident in many other things. Within their research

the next heuristic which they experimented with was that of representativeness. This is that the model of new or novel scenarios are built upon the prior information from others. Another heuristic which was displayed was the availability heuristic. This is that individuals can more easily recall a scenario the more



available or probable that it is. Another  
heuristic that was discovered by the duo  
is that of the anchoring and adjustment heuristic.  
This is that individuals make estimates based upon  
~~and~~ an initial anchor, when making further predictions  
individuals do so on the basis of the initial  
anchor. Perhaps the most influential finding of the  
duo is that of prospect theory. This theory came  
as a critique of the expected utility theory. The fundamental  
axioms behind the prospect theory are that individuals  
refer to monetary outcomes not as welfare levels but as  
gains or losses. People are risk averse to gains  
but are risk seeking in regards to losses. 1) Sunk Cost  
fallacy. People are reluctant to risks which have  
the possibility of changing their status quo.  
People's subject perception of probability is different  
from the objective probabilities, hence why individuals  
will buy a lottery ticket even though the expected  
value is  $< 0$ . Over time the duo had many  
ups and downs especially pertaining to the fact  
that amos tversky was getting most of the  
Academy whereas Daniel Kahneman was not  
getting nearly the same level of  
recognition. This disparity ultimately lead  
to the breaking up of the duo. The  
two went on to write the book  
thinking fast and slow which covers many of  
the practical applications of the  
heuristics of the duo. Overall, this book  
is an excellent encapsulation of the  
ideas of the duo and the  
story of the world changing  
work which they did.