

Thinking Fast And Slow - Daniel Kahneman

Looking at the different heuristics and biases which occur as a product of the two different systems in human behaviour psychology, these two systems consist of System One, the unconscious system, system two, the conscious system.

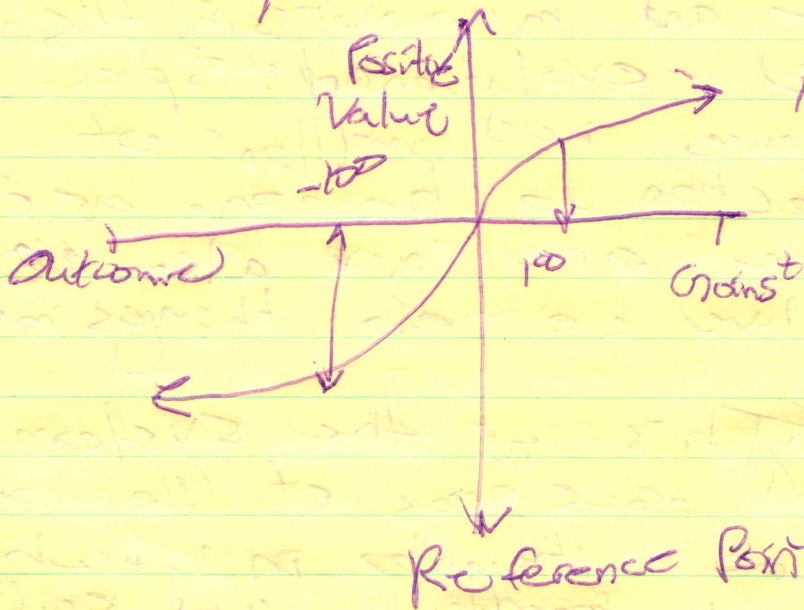
System One: System one is the system which is responsible for the vast majority of behaviors and heuristics. This is the system which works unconsciously to effect your behaviour and motivation, this is due to the evolutionary aspect of it as we have had millions of years of selection to become as risk averse as we are and also to ~~we~~ we value certain things more.

System Two: This is the system of thoughts and processes of the conscious mind, these are thoughts in which you are thinking deliberately and subject to less heuristics and biases in which you are to make a decision which is dictated by evolutionary mechanisms rather than logical thought.

Confirmation Bias

- Confirming your viewpoint by only looking at things that agree with you

Prospect Theory - People value risk as a function of their current circumstances, and are more likely to take risks given more prosperous circumstances. These are governed by three principles: Certainty, isolation effect and loss aversion.



$$\int_{-100}^0 f(x) < \int_0^{100} f(x)$$

So we feel the consequences of the -\$100 more so