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Thinking, Fast and Slow . . . in 30 minutes: The Expert Guide

by Kahneman, Daniel

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Key Concepts of

Thinking, Fast and Slow Kahneman aligns humans' two distinct modes of thinking—fast and slow—with two “agents,” which he calls System 1 and System 2. We constantly switch between the two when making decisions and judgments, frequently falling prey to the biases and illusions that define the difference between humans and Econs—the unified, rational agents of traditional economics, who consistently act in their own best interest. Kahneman also identifies two selves—the remembering self and the experiencing self—when people talk about their lives.

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I. SYSTEM 1 AND SYSTEM 2 Two agents handle human thinking: System 1 and System 2. Busy System 1 is fast, is intuitive, and cannot be turned off; it engages the automatic mental activities of perception and memory. Sluggish System 2 handles slow, effortful, deliberate thinking and is lazy. When System 1 presents a plausible story, System 2 will often pass it through uncritically. One may believe a rational choice has been made, when in fact it was not. Kahneman looks mostly at System 1 and explores how it relates and interacts with System 2.

Nice way of explaining this concept

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System 1 is constantly sorting through feelings and memories to make suggestions to System 2, the decision maker. Usually, this process serves one well. However, System 1 tends to have biases, and relies on the most readily available answers, which can cause judgment errors System 2 can't detect. System 2 is too slow to sort through every decision, and so the two end up compromising. In fact, System 2 can seem reluctant to exert more effort than necessary to complete tasks. But there are some tasks that only System 2, "the working mind," can perform, such collecting and analyzing data to make rational decisions. When System 2 is at work, it shows: the pupils dilate, the heart rate increases, and the inability to see anything other than the required task takes hold. These are the physical signs of cognitive strain, a mental state that makes one literally stop and think in order to reallocate energy from other tasks while System 2 performs the work involved in making choices.

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1 can't determine what data is necessary, it draws conclusions based on the nearest associative data and readily leaps to a conclusion that favors its first bias. Kahneman calls this What You See Is All There Is, or WYSIATI—a pervasive System 1 tendency that induces cognitive ease. If System 2 is not jolted out of cognitive ease, it will likely endorse the false conclusion. So thinking fast makes one overconfident in quick decisions that ignore critical data for the sake of reinforcing a first impression.

HAhaha New acronym i learnt

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from itself. Applying the Concept • Stop and think. The next time you're tempted to send a text message while driving, think twice. Kahneman's research shows that it's possible to carry out two simple activities at the same time under cognitive ease, such as driving and humming a tune. However, performing a series of more complicated tasks—such as picking up a phone, opening an app, and typing a message—engenders cognitive strain, forcing one to literally stop and think as System 2 channels energy toward completing each task.

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Math is not hard. Engaging System 2 is draining. In fact, if a task becomes too difficult, one's pupils contract, and System 2 seems to give up, like an overloaded circuit breaker—or like a kid struggling with math. You can avoid this overload by breaking down tasks, or math problems, into multiple easy steps. If your child is struggling with a problem, simplify it to the point that it would be impossible not to understand, and then praise her when she gets the right answer. You'll help her overcome System 2's lazy tendencies, and you'll build confidence in her abilities.

- Buy what you need. Grocery stores know about anchoring. In-store promotions are designed to get you to buy more than you might need. The next time you see "three lemons for one dollar" at the store, go against the anchor and buy only one, if that's all you need. You'll pay only thirty-three cents for it.

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Loss aversion can cause people to expend more effort to avoid loss than to achieve gains, even when loss is unlikely. Similarly, people often overweight the probability of rare events in decision making.

well said

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Kahneman says a better way to alleviate regret is to explicitly anticipate it. If the outcome is bad, remembering that one considered the possibility of regret beforehand will decrease its effect.

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Hold the flame retardant. You've probably noticed all kinds of businesses attempting to upsell you, be it in a restaurant—Do you want fries with that?—or mattress stores. The latter often use narrow framing to try to convince you to pay for a flame retardant spray. Don't fall for it.

Yes I fall for this

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Kahneman believes people possess two selves: the self that experiences and the self that reports about it. These two selves are remarkably distinct. What one actually experiences and what one ultimately remembers are two very different things—especially when it comes to happiness.

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Memory is not the ideal resource to consult to review the past for decisions about the future.

Yes agree

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Kahneman developed the U-index. The U-index measures the percentage of time one spends per day in an unpleasant state: four hours of a sixteen-hour day in an unpleasant state gives a U-index of 25 percent. If two of those hours are spent commuting to and from work, one could move closer to the office and cut that U-index in half. But happiness is complicated. Focusing on experienced well-being to measure happiness ignores the importance of life satisfaction to the remembering self. And focusing on one's overall life satisfaction ignores the importance of experienced well-being.
