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| Cover Image | *The Psychology of Human Misjudgement and They would be gods - The Story of Silicon Valley* t27 |

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# *30 notes/highlights*

*Created by Tarang Shah*  – Last synced August 2, 2016

## *The Psychology of Human Misjudgment*

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| |  |  |  | | --- | --- | --- | |  | *If you would persuade, appeal to interest and not to reason*  July 16, 2016 | [14](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA14.w.0.0.0.2) | |

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| |  |  |  | | --- | --- | --- | |  | *One of the most important consequences of incentive superpower is what I call “incentive caused bias.”*  July 16, 2016 | [16](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA16.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *A man has an acculturated nature making him a pretty decent fellow, and yet, driven both consciously and sub-consciously by incentives, he drifts into immoral behavior in order to get what he wants, a result he facilitates by rationalizing his bad behavior,*  July 16, 2016 | [16](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA16.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *Widespread incentive-caused bias requires that one should often distrust, or take with a grain of salt, the advice of one’s professional advisor, even if he is an engineer.*  July 18, 2016 | [17](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA17.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *The general antidotes here are: especially fear professional advice when it is especially good for the advisor; learn and use the basic elements of your advisor’s trade as you deal with your advisor; and double check, disbelieve, or replace much of what you’re told, to the degree that seems appropriate after objective thought.*  July 18, 2016 | [17](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA17.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *Now there are huge implications from the fact that the human mind is put together this way. One implication is that people who create things like cash registers, which make dishonest behavior hard to accomplish, are some of the effective saints of our civilization because, as Skinner so well knew, bad behavior is intensely habit-forming when it is rewarded.*  July 18, 2016 | [18](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA18.w.0.0.0.2) | |

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| |  |  |  | | --- | --- | --- | |  | *The strong tendency of employees to rationalize bad conduct in order to get rewards requires many antidotes in addition to the good cash control promoted by Patterson*  July 18, 2016 | [19](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA19.w.0.0.0.2) | |

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| |  |  |  | | --- | --- | --- | |  | *So incentive-caused bias is a huge, important thing, with highly important antidotes , like the cash register and a sound accounting system*  July 19, 2016 | [21](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA21) | |

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| |  |  |  | | --- | --- | --- | |  | *economists, speaking from the employer’s point of view, have long had a name for the natural results of incentive-caused bias: “agency cost.” As the name implies, the economists have typically known that, just as grain is always lost to rats, employers always lose to employees who improperly think of themselves first. Employer installed antidotes include: tough internal audit systems, severe public punishment for identified miscreants, as well as misbehavior-preventing routines and such machines as cash registers. From the employee’s point of view, incentive-caused bias quite naturally causes opposing abuse from the employer: the sweatshop, the unsafe work place, etc. And these bad results for employees have antidotes not only in pressure from unions, but also in government action, such as wage and hour laws, workplace safety rules, measures fostering unionization, and workers’ compensation systems. Given the opposing psychology-induced strains that naturally occur in employment because of incentive-caused bias on both sides of the relationship, it is no wonder the Chinese are so much into Yin and Yang.*  July 19, 2016 | [21](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA21.w.0.0.0.2) | |

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| |  |  |  | | --- | --- | --- | |  | *The inevitable ubiquity of incentive-caused bias has vast, generalized consequences. For instance, a sales force living only on commissions will be much harder to keep moral than one under less pressure from the compensation arrangement.*  July 20, 2016 | [22](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA22.w.0.0.0.1) | |

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| |  |  |  | | --- | --- | --- | |  | *The extreme success of free-market capitalism as an economic system owes much to its prevention of many of bad effects from incentive-caused bias. Most capitalist owners in a vast web of free market economic activity are selected for ability by surviving in a brutal competition with other owners and have a strong incentive to prevent all waste in operations within their ownership. After all, they live on the difference between their competitive prices and their overall costs and their businesses will perish if costs exceed sales. Replace such owners by salaried employees of the state and you will normally get a substantial reduction in overall efficiency as each employee who replaces an owner is subject to incentive-caused bias as he determines what service he will give in exchange for his salary and how much he will yield to peer pressure from many fellow employees who do not desire his creation of any strong performance model.*  July 20, 2016 | [22](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA22.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *Another generalized consequence of incentive caused bias is that man tends to “game” all human systems, often displaying great ingenuity in wrongly serving himself at the expense of others. Antigaming features, therefore, constitute a huge and necessary part of almost all system design.*  July 20, 2016 | [23](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA23) | |

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| |  |  |  | | --- | --- | --- | |  | *Also needed in system design is an admonition: dread, and avoid as much you can, reward-ing people for what can be easily faked.*  July 20, 2016 | [23](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA23.w.0.0.0.1) | |

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| |  |  |  | | --- | --- | --- | |  | *A monkey can be trained to seek and work for an intrinsically worthless token, as if it were a ba-nana, if the token is routinely exchangeable for a banana. So it is also with humans working for money – only more so, because human money is exchangeable for many desired things in addition to food, and one ordinarily gains status from either holding or spending it.*  July 20, 2016 | [23](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA23.w.0.0.0.2) | |

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| |  |  |  | | --- | --- | --- | |  | *Averaged out, money is a mainspring of modern civilization, having little precedent in the behavior of nonhuman animals. Money rewards are also intertwined with other forms of reward.*  July 20, 2016 | [23](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA23.w.0.0.0.4) | |

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| |  |  |  | | --- | --- | --- | |  | *Although money is the main driver among rewards, it is not the only reward that works. People also change their behavior and cognition for sex, friendship, companionship, advancement in status, and other nonmone-tary items.*  July 20, 2016 | [24](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA24) | |

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| |  |  |  | | --- | --- | --- | |  | *You can successfully manipulate your own behavior with this rule, even if you are using as rewards items that you already possess! Indeed, con-sultant Ph.D. psychologists often urge business organizations to improve their reward systems by teaching executives to use “Granny’s Rule” to govern their own daily behavior.*  July 20, 2016 | [24](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA24.w.0.0.0.1) | |

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| |  |  |  | | --- | --- | --- | |  | *Granny’s Rule, to be specific, is the requirement that children eat their carrots before they get dessert. And the business version requires that executives force themselves daily to first do their unpleasant and necessary tasks before rewarding themselves by proceeding to their pleasant tasks.*  July 20, 2016 | [24](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA24.w.0.0.0.1) | |

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| |  |  |  | | --- | --- | --- | |  | *Punishments, of course, also strongly influence behavior and cognition, although not so flexibly and wonderfully as rewards.*  July 20, 2016 | [24](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA24.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *A newly hatched baby goose is programmed, through the economy of its genetic program, to “love” and fol-low the first creature that is nice to it, which is almost always its mother. But, if the mother goose is not pre-sent right after the hatching, and a man is there instead, the gosling will “love” and follow the man, who be-comes a sort of substitute mother.*  July 20, 2016 | [25](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA25) | |

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| |  |  |  | | --- | --- | --- | |  | *what will a man naturally come to like and love, apart from his parent, spouse and child? Well, he will like and love being liked and loved*  July 25, 2016 | [25](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA25.w.0.0.0.4) | |

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| |  |  |  | | --- | --- | --- | |  | *One very practical consequence of Liking/Loving Tendency is that it acts as a conditioning device that makes the liker or lover tend: to ignore faults of, and comply with wishes of, the object of his affection, to favor people, products, and actions merely associated with the object of his affection (as we shall see when we get to “Influence-from-Mere-Association Tendency,” and to distort other facts to facilitate love.*  July 25, 2016 | [26](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA26) | |

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| |  |  |  | | --- | --- | --- | |  | *There are large social policy implications in the amazingly good consequences that ordinarily come from people likely to trigger extremes of love and admiration boosting each other in a feedback mode.*  July 26, 2016 | [26](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA26.w.0.0.0.1) | |

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| |  |  |  | | --- | --- | --- | |  | *Disliking/Hating Tendency also acts as a condition-ing device that makes the disliker/hater tend to: ignore virtues in the object of dislike, dislike people, products, and actions merely associ-ated with the object of his dislike, and distort other facts to facilitate hatred. Distortion of that kind is often so extreme that miscog-nition is shockingly large.*  July 25, 2016 | [28](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA28) | |

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| |  |  |  | | --- | --- | --- | |  | *4. Doubt-Avoidance Tendency The brain of man is programmed with a tendency to quickly remove doubt by reaching some decision.*  July 25, 2016 | [28](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA28.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *5. Inconsistency-Avoidance Tendency The brain of man conserves programming space by be-ing reluctant to change, which is a form of inconsistency avoidance. W*  July 25, 2016 | [29](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA29.w.0.0.0.3) | |

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| |  |  |  | | --- | --- | --- | |  | *The rare life that is wisely lived has in it many good habits maintained and many bad habits avoided or cured. And the great rule that helps here is again from Franklin’s Poor Richard’s Almanack: “An ounce of preven-tion is worth a pound of cure.” What Franklin is here indicating, in part, is that Inconsistency-Avoidance Ten-dency makes it much easier to prevent a habit than to change it.*  August 2, 2016 | [30](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA30) | |

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| |  |  |  | | --- | --- | --- | |  | *Also tending to be maintained in place by the anti-change tendency of the brain are one’s previous conclu-sions, human loyalties, reputational identity, commit-ments, accepted role in a civilization, etc. It is not en-tirely clear why evolution would program into man’s brain an anti-change mode alongside his tendency to quickly remove doubt*  August 2, 2016 | [30](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA30.w.0.0.0.1) | |

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| |  |  |  | | --- | --- | --- | |  | *the anti-change mode was significantly caused by a combination of the follow-ing factors: It facilitated faster decisions when speed of decision was an important contribution to the survival of nonhuman ancestors that were prey. It facilitated the survival advantage that our ancestors gained by cooperating in groups, which would have been more difficult to do if everyone was always changing responses. It was the best form of solution that evolution could get to in the limited number of generations between the start of literacy and today’s complex modern life.*  August 2, 2016 | [30](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA30.w.0.0.0.2) | |

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| |  |  |  | | --- | --- | --- | |  | *It is easy to see that a quickly reached conclusion, trig-gered by Doubt-Avoidance Tendency, when combined with a tendency to resist any change in that conclusion, will naturally cause a lot of errors in cognition for mod-ern man. And so it observably works out. We all deal much with others whom we correctly diagnose as imprisoned in poor conclusions that are maintained by mental habits they formed early and will carry to their graves.*  August 2, 2016 | [30](http://play.google.com/books/reader?printsec=frontcover&output=reader&id=854YCQAAAEAJ&source=books-notes-export&pg=GBS.PA30.w.0.0.0.4) | |