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New York Times Bestseller

MICHAEL LEWIS



THE UNDOING PROJECT

Michael Lewis

The Undoing Project: A Friendship That Changed Our Minds



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“Brilliant. In *The Undoing Task*, Lewis shows how their Nobel Prize–winning theory of the mind altered our perception of reality. . . Lewis has provided us a spectacular account of two great men who confronted up to uncertainty and the limitations of human cause. One of the biggest partnerships in the history of technology, Kahneman and Tversky’s amazing friendship incited a revolution in Big Data research, advanced evidence-based medicine, led to a new approach to authorities regulation, and made much of Michael Lewis’s very own work feasible.” ?William Easterly, *Wall Road Journal* Forty years back, Israeli psychologists Daniel Kahneman and Amos Tversky wrote a number of breathtakingly original papers that invented the field of behavioral economics. .



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Must launch an edited version With no doubt, I had great fun reading “The Undoing Project.” I was introduced to the task of Tversky and Kahneman as a university sophomore in 1988 by my instructor, hydrologist Joseph Harrington, who was a great admirer of their tips. The beauty of what is now called “Prospect Theory” has inevitably trapped with me since. It really is just in retrospect that I’ve come to understand it had been radical because of its time. THEREFORE I swallowed whole “Thinking About Thinking” within weekly of having read the Michael Lewis review on Bloomberg. And I’ve since really enjoyed the latest near-autobiography of Richard Thaler’s, in addition to a lot of Dan Ariely’s books.”

- Representativeness – we see a previously developed mental model rather than thinking through the reality as presented (and are generally correct). This sounds like something Charlie Munger would say (high praise). or doesn’t work. An extremely believable account as well. The research completed by Michael Lewis actually shows. He’s experienced phenomenal access too, it appears. Yet, the book does not hang together terribly well. Makes me realise human being aren’t as rational as the economists could have you believe. In total, limiting antibiotics is way better because infections have less possibility to mutate effectively. The incredible materials, the wonderful expositions, the deep insights are all present and correct, but they fail to meld right into a narrative. Awesome read!g. Maybe that’s the issue. Maybe if I was reading this straight off of “Boomerang” I’d have found it great.
- K/T developed several heuristics, where laws and regulations of chance are replaced by guidelines., regular distribution, VaR).. Such was the case when Lewis protected the Nobel Prize earning duo of Daniel (Danny) Kahneman and Amos Tversky, two psychologists who created much of the bottom work behind behavioral financing. I also discover its roots in Robert Cialdini’s books (Impact, Pre-suasion). I take good care of my books. Even after I’ve seen them before (sometimes, sometimes, I remember). It reads somewhere within biography and nonfiction about behavioral financing. This violates the law of transitivity, familiar to anyone who has ever studied algebra or logic. Following the fact, we know why we saw the function coming that nobody anticipated (see Taleb’s Dark Swan) and surveys weigh even more heavily toward events that have recently occurred. He provides been GM for the Houston Rockets since 2007 using tactics similar to those described for baseball in the publication Moneyball (also by Lewis). In this same chapter Lewis provides a description of a nerd – a person who knows his personal mind well enough to mistrust it. No laughing matter, he does indeed. Both Kahneman and Tversky lived in Israel, where everyone serves a stint in the armed service, and both saw action in the Six Day War in 1967 and the Yom Kippur War in 1973 (when they returned from America to take up arms). Telling a story isn’t helpful in this context, but politicians have a tendency to be afraid of amounts. I enjoyed the story of these two extraordinary people, and Lewis does a good job informing the tale. Won’t end me from reading it, but a real disappointment. Nothing is further from the reality! Lewis discusses Daryl Morey, who I’d call a basketball sabermatrician. While much of the curiosity in this branch of psychology is applied to purchase strategies, K/T worried even more on the subject of geopolitical biases and the series of avoidable mistakes that could be created by political leaders relying on gut feel.”
- Anchoring (and adjustment) – in case you are shown a large (or small) number, for example, then your response is after that large (or small). A few of the more interesting thoughts in the book have nothing related to behavioral finance, but have lots related to psychology. Lewis provides a number of these illustrations, as do Kahneman in Considering Fast and Gradual, and I fall for nearly every one. Actually I don’t recall him discussing thinking fast (immediate response) or slow (long-term trader) at all. Since it stands, I’m not sure I possibly could recommend it to the general public. “We often decide that an outcome is incredibly unlikely, or difficult, because we cannot imagine any chain of occasions

that could cause it to occur. And it's a bit scary. Well, you don't need to believe me upon this, but Michael Lewis actually explains the concepts better! This creates systematic errors, such as for example looking at a kid and immediately deciding if they are athletic. They asked hundreds upon thousands of moral problem type questions (and additional questions too) over a long time and wrote up their findings. For instance, the WW2 bombs landing in London seemed to target certain specific areas, but actually were random. Luckily there aren't a ton.

- Availability – we easier recall memorable events.
- Conditionality – we help to make contingent assumptions when non-e are stated. We believe normal operating conditions (e.It certainly pains me to say it, especially because the author's previous work, "Flash Boys," was a genuine five-star book. If, on the other hand, you possess the remotest curiosity in Behavioral Economics, you genuinely may't not go through "The Undoing Task" and you are guaranteed to take pleasure from it.
- Simulation – what can happen dominates what is more likely to happen – this can result in analysis paralysis (I find it difficult to overcome this when trading for my own accounts – it's hard to pull the result in).

One of the ways to capture these inconsistencies can be to devise three options, in which a person chooses A over B, B over C, and C over A. "...people don't know what they don't understand, but that they don't bother to factor their ignorance into their judgments.

- Recency bias – latest events impact our probability assumptions.
- Hindsight bias - once we know how something works out, our recollection is that people predicted it in advance (similar to Black Swans – Taleb) Just how do ideas form inside our mind? In any case we all prefer in order to avoid pain more than we want to protected gain. While hard to quality, I've always thought it will be better to provide an answer and ask the student to improve it. Who knew that a bad experience could be remembered more fondly if the ultimate portion of the event had not been so distasteful – the peak-end rule? This was examined using colonoscopies that ended with the medical instruments presented of the body gradually or quickly. Doing so slowly made it more likely that the person would return for future tests. The risk manager will discover, usually the hard way, that avoiding a risk receives no reward but if you miss a risk you then will get the blame. That is a individual bias. Accounting does not consider the impact on the surroundings, to limited source, or to emotions. For someone getting started on this topic I personally like Why Smart People Make Big Money Mistakes and How to Correct Them by Gary Belsky and Thomas Gilovich to start and then Considering Fast and Slow by Kahneman before reading the Lewis reserve. Risk aversion is usually a charge willingly paid in order to avoid regret. Whenever we study in school, or for a credential, the concentrate is normally on repeating the "right" response. There is absolutely no downside to an individual to being treated with antibiotics. The benefits of a group often conflict with the benefit to a person. Antibiotics are such an example. More to the point, what we have here is a couple of chapters that, chronological purchase notwithstanding, usually do not constitute a book. For a person, antibiotics are either useful or neutral. We react even more to relative changes than absolute ones, and probability isn't straightforward." As we research other topics we should look for possibilities to utilize this strategy. "How do you understand memory? We have seen proof this recently as briefings to the united states president are reported to be focused on charts and brief sound bites. You study forgetting. Among the fascinating revelations in the reserve (for me, at least) was the need to invert. The reasons frequently given relate back to our times as prey on the plains of Africa (thinking fast retains you alive for the reason that context – you run away from a predator, as fast as you possbly can). They thought that intelligence reports written as essays should be changed by probabilities. Kahneman helped the Israelis style better tools for selecting officers and schooling pilots. You don't study memory. As you find out about financial economics, this should not be your first reserve." Fascinating story

of the love and two awesome scientists contribution to economic thought processes The story of two brilliant Israeli scientists, Danny and Amos, who just about singled handily created behavioral economics. Utility theory overstates the worthiness. Good \$10 Book By and large, the content is really great. If you're already conscious of the task of Amos and Tversky, you'll recognize a whole lot of highlights. The highlight really is the glimpse to their relationship. Must read for anybody who wants to think about how we make decisions. I'm not really a fan of Lewis's writing design - that i recognize can be 100% on me.) He occasionally runs on tangents that don't really add much besides extra web pages. (I read the reserve because of this content. Should you have 23 randomly selected people in an area, the odds are better than half that at least two share a birthday. I'd state it's an excellent \$10 book. Brilliantly written, a must read. The implications from the work of the 2 geniuses is worth to be explained in many ways, this books offers an agreeable way to outsiders from the field of psychology. Questions conclusions Publication reminds reader to queries the experts -- they don't have all the answers or understanding. Focus of book is the contributions of two Israeli psychologists, Daniel Kahneman and Amos Tversky, and how they challenged accepted ideas and strategies. Stimulating read. We have a better knowledge of the way the mind works. I really believe it is more beneficial to someone already acquainted with the ideas from other sources. Looking at the detrimental might help avoid these complications. When they began asked about economics questions then their findings got controversial as the dominant thinking is the assumption that common individuals were rationale with their cash!Our mind tricks all of us. Contemporary Portfolio Theory has predicated on rational behavior as all information was available for investors to make a rational decision. MPT will be a lot more difficult than I am stating right here but the book goes into details how people rational decisions violate the rational assumptions repeatedly. Read it if you dare! Also the title of the book, much as it offers its roots in the task of Tversky and Kahneman, does not do justice with their contribution. Their questions had been logical, but people did not get or understand the logic connection or the probability that underlines the dilemmas and determined predicated on their emotions. They were important of historians -- "It really is amazing how dull history books are, given just how much of what's in them must be invented. Behavioral finance - don't be prey on the best way to a Nobel Prize I tend to get excited when the best tale tellers write a fresh book, and when the book covers a subject I have been focused on recently this is a lot more so... Is it conscious, or indirect?And he provides an unbelievably deep, personal and sensitive accounts of the explosive romantic relationship between the two giants. The defect, often, is inside our imagination. Chapters 1 and 8 shouldn't have made it in to the book, they ought to have already been relegated to the pages of Vanity Good, where the author regularly provides brilliant material. Why three superstars? In the world of behavioral economics It's tough to create a biography of two scholars. This is simply not the most common Michael Lewis page turner. Both scholars are incredibly compelling in their own right, but explanations of their works can be a chore to get through. Lewis does a great work but the subject matter is very dry. By the end of the day time, I found it a mix of fascinating and tedious. There's a ton to learn out of this book if you can stick with it. People You Don't Know Who You Should I had hardly ever heard of Amos and Danny, but We wish We had because of their thinking has transformed the globe. Tversky was a paratrooper. In a story like this, I think Lewis could did better keeping the chronology a bit straighter. I came across the jumping around with time a bit distracting. Broke book complaint. Reserve arrived with broken binder. Both were professors at Hebrew University at the start of the first war. While Kahneman (Tversky died in 1996 so didn't share in the Nobel) wrote Considering Fast and Slow to talk about their life work, here Lewis tries to recognize why

they did wonders together.



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