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Book Review

Michael Lewis's The Undoing Project: A Friendship That Changed Our Minds*

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Lewis, M. 2017. *The Undoing Project: A Friendship That Changed Our Minds*. New York: W. W. Norton & Company. 362 pp., \$28.95. ISBN:978-0393-25459-4.

ABSTRACT

The Undoing Project examines the relationship between two psychologists, Amos Tversky and Daniel Kahneman, whose work altered how we understand the functioning of the mind. In this book, Lewis embarks on a journey to understand and explain psychological research to a popular audience. Lewis is an expert writer who knows what sells books. *The Undoing Project* is an informative, entertaining, and quick read. Lewis has produced a well-researched book that is accessible to a broad audience.

KEY WORDS Michael Lewis; *Undoing Project*

Originally from New Orleans, Michael Lewis graduated from Princeton interested in pursuing a career in art history. He determined that market conditions for art historians were not to his liking, so he enrolled in the London School of Economics, where he completed an MA in economics. He began his career with Solomon Brothers as a bond salesman in London. After just a few years, he wrote of his experience in *Liar's Poker*. His subsequent books have embraced financial topics (*The Big Short* and *Flash Boys*), politics (*The Fifth Risk*), and sports (*The Blind Side* and *Moneyball*).

Lewis's keen perception and ability to explain complicated topics contribute to his commercial success, which seems to illuminate suspicious financial activity and flawed government practice. Both *Flash Boys* and *The Fifth Risk* inspired defensive rebuttals. The timely publication of and instant fascination with *Flash Boys* almost certainly contributed to the decision to hold congressional hearings to investigate high-

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frequency trading on Wall Street. Not only do Lewis's books and articles inform readers, but Lewis has a knack for attracting the attention of policymakers.

The Undoing Project examines the relationship between two psychologists, Amos Tversky and Daniel Kahneman, whose work altered how we understand the functioning of the mind. The research inspired the creation of behavioral economics, a subdiscipline within economics, and won Kahneman the Nobel Prize for economics. Writing in the *Pittsburgh Post-Gazette*, Glenn Altschuler (Cornell University) contends that *The Undoing Project* is Lewis's best book. I will not wade into this debate, though I note that in this book, Lewis ventures away from financial and economic topics and embarks on a journey to understand and explain psychological research to a popular audience. He does so effectively by introducing the motivating questions for the research and, when appropriate, the importance, but it may be Lewis's historical accounting of Kahneman and Tversky's commitment to discovery that university and college faculty will find inspiring.

Lewis is an expert writer who knows what sells books. The opening chapter of *The Undoing Project* revisits the spectacularly successful *Moneyball*, but with a twist, by examining the uncertainty associated with drafting young men to play in the NBA rather than identifying undervalued baseball players. He introduces Daryl Morey, general manager of the Houston Rockets, as the central figure in the chapter. Morey was a committed "numbers guy" who shifted the focus from drafting players based on the subjective assessment of scouts to a mathematical algorithm using available data. Despite all the data and computing power available to him, the model retained the potential to be very wrong in predicting who would and would not be successful. The chapter sets the stage for the entire book when Morey states, "Maybe the experts don't know what they are talking about" (p. 27). Herein is the issue: What do people know? Why do they think they know? Isn't it remarkable how often and how wrong we are?

To be clear, the book is intended for a general audience, not an academic one. In chapters 2–4, Lewis introduces the reader to the two Israeli psychologists, Kahneman and Tversky. Both men served in the Israeli army. Kahneman was immediately assigned the duty of assessing and recommending assignment of military personnel. Tversky was a decorated paratrooper and commander. Lewis emphasizes how both men connected their academic research with the security concerns of Israel. The necessity of commanders, pilots, and soldiers to make better decisions was paramount to the survival of the new country surrounded by enemies.

In chapter 6, the collaboration between Kahneman and Tversky begins. Although their partnership was slow in forming, once it began, it was a force. Their initial work was motivated by the failure of the human mind to behave in a manner consistent with known probability theory. They discovered that people do not make correct statistical inferences, even when formally trained in statistics. Similarly, they observed that people tended to fit evidence to theory rather than theory to evidence. The culmination of the early collaboration was a paper titled "Belief in the Law of Small Numbers," which reported how people systematically made incorrect inferences from small samples. The paper was immediately recognized for its genius and practical application.

Following their initial collaborative success, Kahneman and Tversky challenged the effectiveness of experts. They took aim at radiologists and clinical psychologists. The

presentation of their findings is disturbing. As diagnosticians, both professions failed to deliver consistently correct results, due largely to the uncertainty inherent in the process. Simple algorithms using limited information matched or surpassed the performance of experts. The implications for political science and economics are significant. In “Myth of the Rational Voter,” economist Bryan Caplan advocates reliance on experts to avoid the possibility that the median voter is systematically wrong. He uses the example of trade policy, contending that economists are experts in such matters and economists know that free trade is the correct choice. Most readers are familiar with the economic analysis justifying “free” trade, but there is considerable evidence to the contrary. In this instance, it appears that theory prevails over reality, a dangerous situation that certainly contributed to deregulation leading up to the financial crisis of 2007–2008.

The remaining chapters of *The Undoing Project* continue to explore the lives and careers of Kahneman and Tversky. Their success and celebrity in academe did not come without cost. The book title carries multiple meanings. The research of Kahneman and Tversky replaced conventional wisdom and knowledge up to that time and thus, as the subtitle reveals, changed our minds. Additionally, the extraordinary collaboration and friendship unraveled as both men experienced success and attention. Minor parallels can be seen in the men’s marital failures and the effects of their departure from Hebrew University and Israel.

The Undoing Project is an informative, entertaining, and quick read. Lewis has produced a well-researched book that is accessible to a broad audience. For economists and political scientists, there is much to gain. First, the reader is immediately impressed by the potential of thoughtful research and inspired teaching. Second, Kahneman and Tversky demonstrated that people are not rational, utility-maximizing actors. Although the assumption of rationality is no longer supportable even as a convenience for modeling behavior, the greater insight is that people make bad decisions, which means that economic and political decisions are not spared. An appreciation that decisions are not always “right” is an important insight for teachers and researchers.

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