

The Guardian



Interview

This much I know: Daniel Kahneman

Tim Adams

The 78-year-old Nobel prize-winning psychologist on his pessimistic mother, the delusion of investment bankers and the need for irony

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Human beings cannot comprehend very large or very small numbers. It would be useful for us to acknowledge that fact.

My main work has concerned judgment and decision-making. But I never felt I was studying the stupidity of mankind in the third person. I always felt I was studying my own mistakes.

Happiness is complicated. There are two components. One is strongly genetic; the second is a question of how you feel at any moment. I am pretty content, but I had a very pessimistic mother, and I've always been known as a pessimist.

It was always assumed I would be a professor. I grew up thinking it.

There is a powerful idea that we should want to be richer. I went to a financial advisor in the States and said: "I don't really want to get richer, but I would like to continue to live like I do." She said: "I can't work with you."

Collaboration is not only more creative, it is more fun. Amos Tversky, my research partner, and I were better together than on our own. We sort of knew

that. Mostly it was extremely pleasant not trying to work everything out yourself.

A sense of irony is essential. When we wrote our first paper, "The Law of Small Numbers", we were laughing all the time we wrote it. A colleague we showed it to said: "This is going to change things." I didn't take him seriously.

Many people now say they knew a financial crisis was coming, but they didn't really. After a crisis we tell ourselves we understand why it happened and maintain the illusion that the world is understandable. In fact, we should accept the world is incomprehensible much of the time.

Motives are rarely straightforward. When the war started my father was chief of research for a company that was part of L'Oréal in Paris. The owner of L'Oréal was also a main funder of the fascist party in France, and antisemitic. But he protected my [Jewish] father during the war when he was taken by the Nazis.

People who wouldn't even come to your funeral seem to take simple pleasure in the fact that you have won the Nobel prize [for economic sciences], and it makes them feel good about themselves to feel that way. For a while you are spreading joy.

Investment bankers believe in what they do. They don't want to hear that their decisions are no better than chance. The rest of us pay for their delusions.

Despite 45 years of work in the field, I am still inclined to make over-confident predictions.

Economists have a mystique among social scientists because they know mathematics. They are quite good at explaining what has happened after it has happened, but rarely before. I don't think of myself as an economist at all.

I enjoy being active but I look forward to the day when I can retire to the internet.

Daniel Kahneman is the author of Thinking, Fast and Slow (Penguin, £8.99)

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