

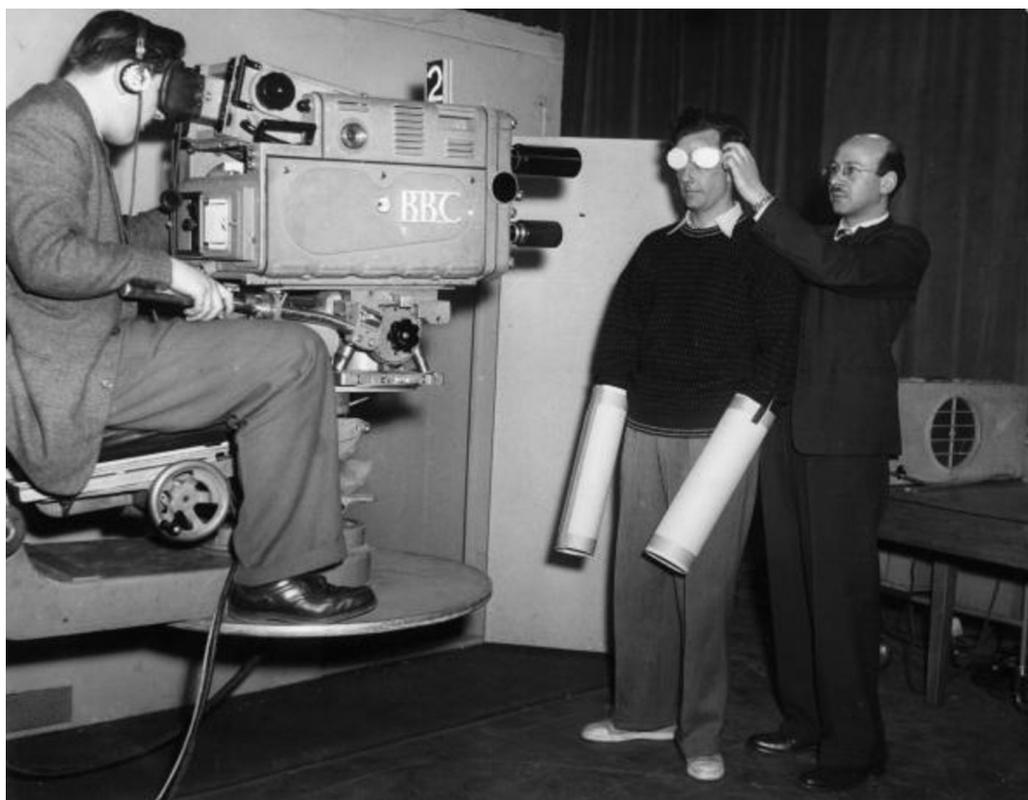
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Prophets, Psychics and Phools: The Year in Behavioral Science

The best books of 2015 on human bias and blunders.

By [Cass R. Sunstein](#)

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Behavioral science has come a long way. *Photographer: Fred Ramage/Keystone/Getty Images*

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Behavioral science has become the usual term for psychological and economic research on human behavior, often designed to explore people's biases and blunders. For that research, 2015 has been a banner year, with an unusually large number of important books. Five of them stand out -- and two of these weren't even written by social scientists.

"[Phishing for Phools](#)," by George Akerlof and Robert Shiller, is an instant classic. Akerlof and Shiller contend that free

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markets lead companies to “phish” -- to exploit both the ignorance and the behavioral biases of “phools” (also known as human beings). One of their major contributions is to show that if we care about people’s well-being, the invisible hand is often the problem, not the solution.



That hand sometimes punishes companies that fail to take advantage of biases, such as the tendency to ignore fine print or to show unrealistic optimism. Akerlof and Shiller are well aware that the free market does a lot of good, but they demonstrate that it can reward businesses (such as mortgage providers, cigarette companies and sellers of high-calorie foods) when those companies really don’t help their customers, but actually harm them.

“Superforecasting,” by Philip Tetlock and Dan Gardner, is the most important scientific study I’ve ever read on prediction. Tetlock’s previous work revealed that with respect to politics, the economy, and international affairs, many professional forecasters (including the experts you see on television) are essentially hopeless. Many of their predictions are no better than random guesses. But using a data set with tens of thousands of people, Tetlock and Gardner show that some identifiable people do demonstrate an ability to make accurate predictions.

These superforecasters tend to be knowledgeable and smart, but they’re not just that. They also show a distinctive ability to break up problems into component parts. They’re aware of the importance of considering evidence that runs

counter to their current beliefs. They don't believe in fate, they are comfortable with numbers and they understand the pitfalls of relying on their intuitions. One of the most constructive features of Tetlock and Gardner's book is its demonstration that people can learn to make far better predictions than they now do.

"Misbehaving: The Making of Behavioral Economics," by Richard Thaler, offers a bird's-eye view of the subject from the person most responsible for it. (Thaler is a co-author and friend of mine, but any list that omitted his book would be, well, misbehaving.)

Full of hilarious anecdotes and descriptions of quirky personalities, Thaler's account also offers capsule summaries of the principal findings in behavioral economics, which typically resulted from studying human puzzles. (Why do dinner guests who are enjoying a bowl of cashews end up so happy when the bowl is taken away?) Thaler shows that some of the best large-scale theories come from close observations of daily life.

"Transformative Experience," by L. A. Paul, is a work of philosophy, not economics or psychology. But it tackles a serious behavioral puzzle: How do you, and how should you, think about whether to make major life changes, which will transform your own tastes and values?

According to standard economic theory, that's not really a puzzle. For major life changes, as for everything else, you're supposed to think about the likely outcomes and the probability that they will occur. Paul argues that for such changes (such as becoming a parent), you just can't do that. The reason is that your values and concerns will no longer be the same.

How can you decide whether to make a choice that will turn you into a different kind of person? Paul contends that in the end, people often make transformative choices simply because they want to discover something -- "what it is like to live a certain kind of life."

“The Witch of Lime Street,” by David Jaher, is a riveting account of one of the most dramatic contests in American history. In one corner: Mrs. Mina Crandon, the most successful psychic of the 20th Century, who was also beautiful and charming, and frequently featured on the front pages of leading newspapers. In the other: Harry Houdini, the greatest debunker of purported psychics, one of the most famous people in the world, and the man who could always find his way out of traps.

Crandon managed to convince numerous skeptics -- including prominent psychologists from Harvard and the Massachusetts Institute of Technology -- that she was able to communicate with the dead. But she couldn't convince Houdini, to whom she also happened to be intensely attracted. (The feeling was mutual.)

Jaher's tale of the contest between Crandon and Houdini turns out to be a study of how beliefs get formed, how we see what we want to see, and how people end up divided even when confronted with exactly the same evidence. If you're looking for a grandmaster of phishing, you would do well to start with Mina Crandon -- but Houdini was nobody's phool.

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