

# Daniel Kahneman On Misery, Memory, And Our Understanding Of The Mind

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Economic theory rests on a simple notion about humans: people are rational. They seek out the best information. They measure costs and benefits, and maximize pleasure and profit. This idea of the rational economic actor has been around for centuries.

But about 50 years ago, two psychologists shattered these assumptions. They showed that people routinely walk away from good money. And they explained why, once we get in a hole, we often keep digging.

The methods of these psychologists were as unusual as their insights. Instead of writing complex theorems, [Daniel Kahneman](#) and [Amos Tversky](#) spent hours together...talking. They came up with playful thought experiments. They laughed a lot.

“We found our mistakes very funny,” recalls Kahneman. “What was fun was finding yourself about to say something *really* stupid.”