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Thomas C. Langham

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Book Review

Predictably Irrational: The Hidden Forces that Shape Our Decisions by Dan Ariely



Reviewed by: Thomas C. Langham*

Ariely, Dan. *Predictably Irrational: The Hidden Forces that Shape Our Decisions*. NY: Harper Collins, 2008. 280 pp. \$25.95 cloth.

The great experiment of modernity that has been attempted first in the West and more recently around the globe has in an important way been based upon the notion that humans are creatures that are fundamentally rational. Rationality has increasingly come to guide financial, political, legal, bureaucratic, scientific, medical, educational, and everyday explanations of life. The insistence that humans are capable of understanding through the use of rationality, especially firmly held by those who have embraced science, has been challenged only sporadically and with little practical result. The most sustained challenge to assumption of a guiding human rationality may have come from practitioners of religion, but also to a lesser extent from the social thinkers such as Arthur Schopenhauer, Friedrich Nietzsche, Sigmund Freud, and their descendents including more recent social psychologists. Max Weber also certainly expressed his doubts about the intrinsic rationality of the formal (capitalist) rationality. While those who believed in the power of rationality were quick to dismiss the critics, there has remained a lingering doubt that humans may not be so rational after all. Emerging from the tradition of the critics is Dan Ariely, a professor of behavioral economics, who has published

* Thomas C. Langham, Ph.D., San Antonio, TX; e-mail: tomlangham@sbcglobal.net

Predictably Irrational: The Hidden Forces that Shape Our Decisions. While taking up the issue of human irrationality is plainly not new, what makes Ariely's work notable is that it takes an unexpected angle of attack. Ariely uses the rationalist approach of science as his means to make the case that humans are not only not rational but predictably irrational.

What Ariely has to say should be of interest to both economists and sociologists who similarly rely on mostly rational explanations of human behavior. Ariely makes clear that his scholarly outlook leads him to move beyond the conventional assumption in economics that humans are rational. Instead Ariely works to uncover the ways in which humans systematically operate in an irrational fashion and what consequence this has for understanding economic thought and behavior. To get at human irrationality, Ariely carries out experiments and refers to the experimental research of others that explores judgment and decision making. As might be expected from an economist, Ariely takes up issues dear to his discipline but which are also more broadly of concern to sociologists. He opens with a discussion of how persons determine the value of things. Ariely observes, based on research, that persons choose things in terms of relative advantage, that is, what one thing is worth when compared to another. A problem emerges, what Ariely calls the "problem of relativity," in that persons are inclined to go for easy comparisons of prices of items that are readily available, such as televisions viewed at a single store or specific houses that a realtor shows, without giving much thought about the larger range of possibilities. Ariely also observes that persons are subject to the problem of "arbitrary coherence" which causes them to use a price, the "anchor price," that has been arbitrarily set for things, like wine or jewelry, to establish the value of all subsequent categorically similar things. Even the notion of "free" can cause persons to behave irrationally when they are unable to see that some items that are offered as free do have a downside even if they simply clutter their lives or more insidiously make unanticipated demands. These phenomena involving how

persons come to know the value of things cause them, according to Ariely, irrationally to be willing to pay more than what an item might reasonably be worth. From a broader sociological standpoint the same irrationality also underlies others kinds of exchanges that persons carry out because the value of things, like love, trust, or friendship, are set only as persons engage one another rather than on the basis of true values that in actuality can never be known.

Particularly interesting about what Ariely argues concerning irrationality is how often it shapes judgment and decision making far beyond simply determining value. Ariely explains that persons cannot predict ahead of time how they will behave in an impassioned, emotional state. He observes that participants in experiments proved unable to predict how arousal might influence their sexual preferences, moral standards, and respect for safe sex. He also notes that persons may well behave in ways that they do not expect when other emotional states, such as anger, hunger, excitement, and jealousy, come to influence their behavior. He further demonstrates that persons are quite willing to give up long-term goals for immediate gratification, that is, behave irrationally as they procrastinate. He points out persons will behave irrationally to keep their options open even when to do so adds to losses and distracts from more important matters. He shows that prior information or vantage point can irrationally shape the way in which persons explain and understand what follows. And, he notes that the “placebo effect” causes persons to come to have irrational expectations that can result in real but unexpected experiences. Ariely states the “placebo effect” is particularly interesting because it reveals that there is a “blurry boundary between beliefs and reality” (191). Among the most intriguing findings of Ariely are those that reveal that persons are basically honest, yet if they are given the opportunity they will cheat, but only a little, and not more, even when there is no chance of being caught. He also adds that money tends to make persons honest in that they are more prone to cheat when dealing with nonmonetary objects. Said in another way, persons

would not consider taking even a small amount of cold cash, but they might steal a few pencils from the workplace. Ariely reveals throughout his work that persons not only behave irrationally but that they do so in repeated predictable ways that involve most all areas of their lives. Sociologists accordingly might find what Ariely has to say thought provoking because it may lead them to think about how structures of irrationality guide the interactions of persons and activities of groups.

Ariely additionally attempts at various points to show how his insights about irrationality might be used to improve social life. For instance, he points out that persons need to be aware of how emotions can subvert good decision making, how committing to a deadline might prevent procrastination, how giving up options could free up persons to do other things, how being aware of the impact of prior information might improve the choices that persons make, and how thinking about being honest before ethically challenging situations might reduce dishonesty. In a final series of experiments, Ariely takes up the matter of how to obtain what he calls a "free lunch," that is, how persons when irrationality intrudes might make better decisions and become more likely to get what they want. In experiments on how persons order food in restaurants, Ariely demonstrates that they make their food selections based on the choices of those who order prior to them as they try to increase their social standing. Unfortunately when persons choose in this fashion, they are much more likely to order food that they find less interesting. This insight that Ariely provides accordingly might help persons to avoid bad outcomes and in this case they would gain a "free lunch" in the form of a more satisfying dining experience. What Ariely hopes to achieve through identifying "free lunches" is to help behavioral economists, and by implication others including sociologists, to understand how persons behave predictably irrational so that such behavior can be overcome with beneficial consequences.

While this work may not be groundbreaking in taking up issues relating to irrationality, its approach of employing science to study this matter is useful, if ironic, in revealing its parameters. What is particularly interesting here is that science, rooted in the long held ideas about rationality that extend back to the very beginning of modernity, is used to reveal the irrationality of human thought and behavior. Ariely consequently concludes that to allow the assumption of rationality to undergird thinking about economics may lead scholars in his discipline to miss the very understanding of humans that they seek. His work also serves as a good reminder to sociologists to be careful to take into account human irrationality as they strive to use science to understand the broader social world. Readers who might find the insights of Ariely interesting may also want to take a look at another newly released book, Ori Brafman and Rom Brafman's *Sway: The Irresistible Pull of Irrational Behavior* (2008), that also similarly explores, although relying more on vignettes, how the forces of irrationality shape everyday life. As for Ariely's book, it might most beneficially be used in graduate level courses in social psychology or contemporary social theory where students will find its exploration of irrationality to be a valuable adjunct to the topics usually taken up. Such audiences will find this book thought provoking. It should be expected to stimulate lively discussion.