

To: jeevacation@gmail.com[jeevacation@gmail.com]; jeffrey epstein[jeevacation@gmail.com]
From: Boris Nikolic
Sent: Mon 11/28/2011 5:50:53 AM
Subject: RE: some interesting books/articles

Forgot to ask you – did you ever hear any more info re WEF, Mette and me?

I am back in Seattle – a hard day tmr.

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From: jeffrey epstein [mailto:jeevacation@gmail.com]
Sent: Sunday, November 27, 2011 9:50 PM
To: Boris Nikolic
Subject: Re: some interesting books/articles

I know kahnemsn well

Sorry for all the typos .Sent from my iPhone

On Nov 27, 2011, at 9:11 PM, Boris Nikolic <[REDACTED]> wrote:

About thinking

In *Thinking, Fast and Slow* and in interviews Kahneman describes why some promoters/CEOs are successful in getting momentum investors to suspend disbelief for a unpredictable period on stocks like Salesforce.com, Pandora and Groupon (that seem to be unwinding now which is a disaster for Whitney Tilson):

<http://thoughtleaderforum.com/957443.pdf>

"...The quality of the story determines how we predict, and it determines the confidence we have in our predictions. We judge it by the quality of the story, but you

can take a wonderful story on the basis of evidence that is false or unreliable or very, very sparse.... We are not wired properly for statistics. We're really good at telling stories, but we're not wired properly for statistics. Now, I've been going on a theme of confidence and the confidence that people have. And it's obvious from what I say that we can expect people to be way overconfident, because they have that ability to tell good stories, and because the quality of the stories is what determines their confidence. The extent of that overconfidence is actually quite remarkable.

<http://www.independent.co.uk/arts-entertainment/books/features/were-blind-to-our-blindness-we-have-very-little-idea-of-how-little-we-know-were-not-designed-to-6267089.html>

".. On the most elementary level, what we feel is a story. System one generates interpretations, which are like stories. They tend to be as coherent as possible, and they tend to suppress alternatives, so that our interpretation of the world is simpler than the world really is. And that breeds overconfidence.

What do I mean by "story"? There is a drawing in the book, with a line of letters: ABC, and a line of numbers: 12 13 14. The B and the 13 are actually physically identical. You perceive them differently because of the context. In the context of letters, it becomes a B. In the context of numbers, the same shape becomes a 13. You're not aware of the ambiguity, you just see it as a 13. That's what I mean by a very simple story.

We also tell more complex stories, but these tend to be very simplified, too. They exaggerate the role of agents and systematically underplay the role of luck. This is inevitable, because anything that didn't happen but could have happened is not part of the story. For example, the story of the success of Google: suppose that somebody else had developed a search engine as capable as the page-rank algorithm that [Sergey Brin and Larry Page] invented. Then Google might not exist today. So we don't realise how lucky they were. We say they were ahead of their time, but we don't know by how much. Because as soon as they were successful, that discouraged others from working along the same lines.

Leaders and entrepreneurs are particularly optimistic. There's plenty of evidence for that. They wouldn't be doing what they're doing if they didn't have a sense that they could control their environment, and if they were not quite sanguine about their chances of success. Leaders are selected for their optimism. I have no interest in my financial adviser or in my surgeon being an optimist. On the other hand, if you have a football team that believes they can win, they are going to do better.

<http://www.newscientist.com/article/mg21228390.400-nobel-psychologist-reveals-the-error-of-our-ways.html>

You've just written your first book for the general reader. What was your motivation?

My aim was to educate watercooler gossip about the choices and judgments of others. I am not very optimistic about people's ability to change the way they think but I am fairly optimistic about their ability to detect the mistakes of others. If we were all more intelligent and sophisticated in thinking about each other, that would ultimately affect everyone's behaviour. So it's a long-term ideal.

<http://www.theatlantic.com/life/archive/2011/11/the-anti-gladwell-kahnemans-new-way-to-think-about-thinking/247407/>

The Anti-Gladwell: Kahneman's New Way to Think About Thinking

Book Reviews:

<http://www.economist.com/node/21534752>

http://www.nytimes.com/2011/11/27/books/review/thinking-fast-and-slow-by-daniel-kahneman-book-review.html?_r=1&nl=books&emc=booksupdateema3&pagewanted=all

<http://www.newscientist.com/blogs/culturelab/2011/11/bias-rules-the-way-we-judge-the-world.html>