



In the run-up to publishing this book, Charlie remarked that one of the most important talks in our list, “The Psychology of Human Misjudgment,” could use “a little revising” to bring it in line with his most current views on the subject. Little did we know, Charlie’s “little” revision would amount to a full-scale rewrite, with loads of new material, and a “stop-the-press” completion schedule. The talk features Charlie’s original concept of “behavioral finance,” which has now burgeoned into its own academic field of study. As attendee Donald Hall recalls, “Charlie was espousing his well-reasoned views on behavioral finance before the term was even coined.”

Charlie also addresses the importance of recognizing patterns to determine how humans behave, both rationally and irrationally. He shares with us his checklist of twenty-five standard causes of human misjudgment, which contains observations that are ingenious, counterintuitive, and important—values Charlie treasures in the work of other great thinkers throughout history. He also emphasizes the “lollapalooza” power of psychological misjudgments in combination.

Here then, written exclusively for *Poor Charlie’s Almanack*, is Charlie’s magnum opus on why we behave the way we do. We wish you success in the application of these ideas in your own personal and business endeavors.