Walter the Banker: The Conjunction Fallacy Reconsidered

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Abstract

In a famous experiment by Tversky and Kahneman (1983), featuring Linda the bank teller, the participants assign a higher probability to a conjunction of propositions than to one of the conjuncts, thereby seemingly committing a probabilistic fallacy. In this paper, we discuss a slightly different example featuring someone named Walter, who also happens to work at a bank, and argue that, in this example, it is rational to assign a higher probability to the conjunction of suitably chosen propositions than to one of the conjuncts. By pointing out the similarities between Tversky and Kahneman's experiment and our example, we argue that the participants in the experiment may assign probabilities to the propositions in question in such a way that it is also rational for them to give the conjunction a higher probability than one of the conjuncts.

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