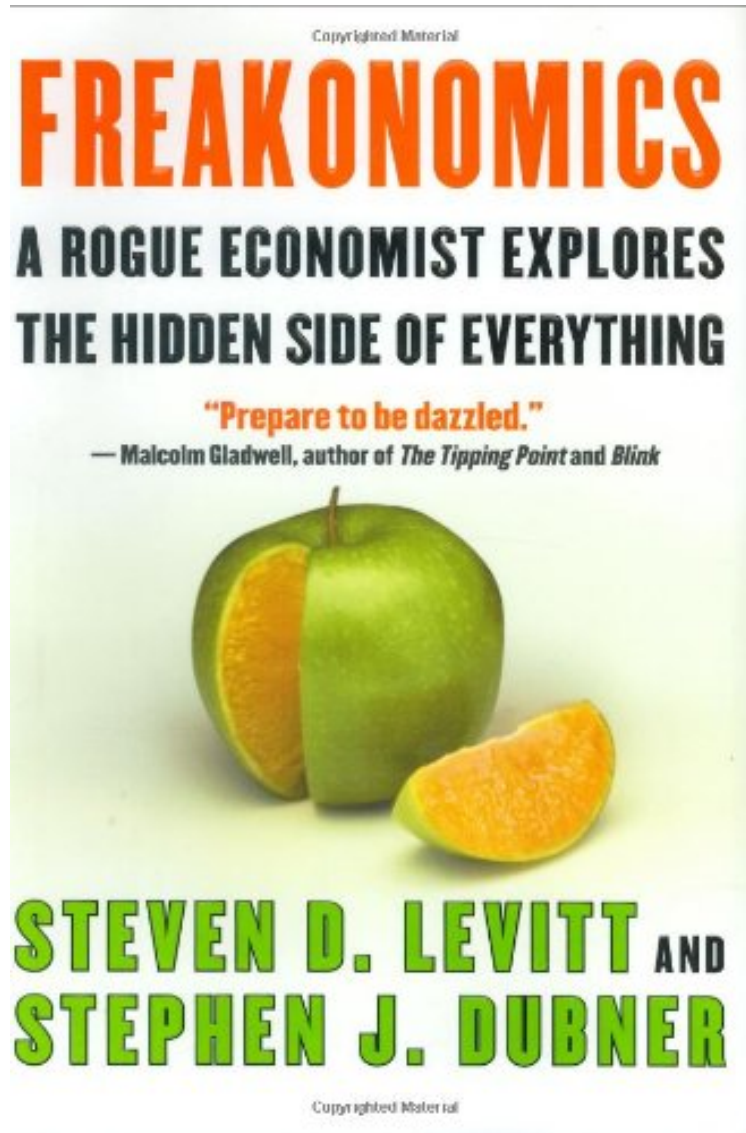


(Free download) Freakonomics: A Rogue Economist Explores the Hidden Side of Everything

Freakonomics: A Rogue Economist Explores the Hidden Side of Everything

Steven D. Levitt, Stephen J. Dubner
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Steven D. Levitt, Stephen J. Dubner : **Freakonomics: A Rogue Economist Explores the Hidden Side of Everything** before purchasing it in order to gage whether or not it would be worth my time, and all praised
Freakonomics: A Rogue Economist Explores the Hidden Side of Everything:

109 of 122 people found the following review helpful. Read elsewhere if you want to think like an economist. By David Zetland I've heard of this book for years, but never bothered to read it because I was already an economist and didn't think I needed to read a popular summary of Steven Levitt's work. [1] My impression was that the book summarized his work in a popular (non-academic) style that helped people understand what economists do. I thought that the book was useful in this respect in helping people understand what I do. Indeed, the most common reaction I get from people when telling them that I am an economist is that they have read *Freakonomics*, which implies that they have at least seen some work similar to what I do at *aguanomics*. [2] It turns out that I was mistaken in my initial beliefs. I just read this 2004 book 2006 revision, and it's made me think a bit more about how we (economists) communicate with the general public, and I think that some ways are better than others. First, there are textbooks, which describe the tools that economists use to put their theories into practice. Many many people have told me I didn't learn anything in economics. All I remember was a lot of math and curves. This depressing outcome results from lecturers who merely reproduce problems and equations on the blackboard, without helping students understand either why those theories are used or how they came to be so popular with economists. [3] Second, there are books that explain how economists think or how their thinking has evolved as they have tried to understand and summarize the people's behaviour. These books, in my opinion, are the most interesting and challenging because they push people to revisit their assumptions and perspectives. [4] These are the books that I would recommend to people looking to think like an economist or, to be blunt, to think more accurately about how they and those around them actually behave. Third, there are books like mine [pdf] that try to explain how to improve failing policies using basic economic insights and incentives. Finally, there are books like *Freakonomics* that reproduce academic papers in a popular form. These books like *Economic Gangsters* give the public a limited vision of research without explaining the struggles of getting the right data or explaining the limitations of theories that are used (or not) in the final paper. *Freakonomics* is therefore NOT the book that I would recommend to anyone interested in (a) learning economic theory, (b) learning about how economists think, or (c) understanding the world or thinking of ways to improve it. This book with a memorable (but useless) name provides readers with just-so stories that are good for cocktail conversations but not for understanding economics. [5] For example, *Legalized abortion* explains the drop in crime in the US. Not only do Steve and Steve back off from the main claims of the original paper (they add other factors), but this theory has been falsified by others (see this and this). What struck me is their ongoing attempts to hold onto at least some elements in the original claim in later blog posts in what I'd call a my-ladydoth-protest-too-much manner. Real estate agents serve themselves better than they serve clients when selling their own homes. As a former real estate agent, I had to agree with their basic premise, but I thought their explanation too simplistic. [6] The most obvious problem is that agents have an entirely different understanding of themselves as sellers as well as of the markets. Surely that different information (and the resulting patience that gets them a higher price as sellers) matters? Looking over their other chapters (on cheating sumo wrestlers, drug dealers who live with their moms, the KKK as a multilevel marketing organization, etc.), I agree that the chapters are interesting and thought provoking, but they do not provide lessons on the hidden side of everything. Instead, they read like a series of magazine articles whose quirky insights might contribute to your next cocktail conversation. The authors say that they want you to ask more questions and see the world differently, but what tools have they given to you in this book? [7] I didn't detect any reliable technique (except perhaps to collect a neat dataset and call Steve Levitt), and that's where I was disappointed. *Freakonomics* does not really reveal the hidden side of everything. Indeed, it's more likely to mislead you into thinking you've learned something, when you've only learned an interesting angle on a complex topic on which you may lack either the experience or methods needed to put it into a useful context. [8] Take their example of the underpaid drug dealer who they say faces a higher risk of death than someone on Death Row in Texas (and thus must be overestimating the gains from their job). Does this statistical analysis mean that those street dealers are irrational? I don't think so. As all economics students learn, you need to look at their opportunity cost (i.e., the costs and benefits of their potential other choices). In this case, street dealers are (a) NOT condemned to death, (b) not able to find other work with their experience, and (c) not aware of their statistical mortality as much as their potential wealth. Those street runners are taking their chances in the same way as Americans are living the dream, i.e., in ignorance of reality. [9] Bottom Line: I give this book **THREE STARS**. Dubner and Levitt present interesting puzzles worthy of cocktail conversation, but they overstate their contributions and accuracy (numbers don't lie but theory can be incomplete or just wrong). I suggest that anyone interested in understanding how economics works and applying those lessons to the hidden side of everything read *Economics in One Lesson* by Henry Hazlitt. It's free to download and provides a really useful perspective that anyone can apply to any topic they care about. [10] (1) I've met Steven Levitt. He's a fine person and excellent economist, but this book is too pop in its oversimplification of his work and hagiographic treatment of his insights. Yes, he brings interesting statistical tools to freaky questions, but he's not a rogue economist exploring the hidden side of everything. He's just a guy with a dataset and empirical theory who finds some strong correlations. As I explain later on, he does not deliver the last word on pretty much any topic in this book. (It's interesting to see the two authors poo-hooing people's objections to their claims in this revised edition. I get the impression that their answer is "bestseller, bitch!" more than "hmm..., maybe we claimed too much.") Also see note 8. (2) I wrote on the human right to water and oil and water

for their Freakonomics blog.(3) I published an article [pdf] on how students don't really understand the downward sloping demand curve because its form is based on advanced techniques they won't see for a few more classes (meaning "never" for those who take one class or drop the major).(4) Of those I have reviewed, I recommend *Small is Beautiful*, *The Calculus of Consent*, *The Company of Strangers*, *Predictably Irrational*, etc.(5) "Freaky" anything sounds bad to me, and "freaky" economics -- unlike most economics -- isn't useful to most people. Even worse, there's nothing freaky to the stories in terms of the economics. I wish the authors had spent more time on the basic economics (making the book a useful learning experience) and less time defending empirical research that is interesting and provocative but not really wise.(6) I corresponded with Levitt's co-author on my objections to their working paper back in 2005. The main one was that their analysis missed the most important point: it's better to have an agent than not to have an agent. An obvious insight that saved me about 10,000 when I bought a flat in Amsterdam. Going further, would an agent work harder for you if their commission was a flat rate rather than a percentage of the sales price? They harp about commissions as detrimental to the client's interest due to the small share of the additional profits an agent gains from working harder on your behalf e.g., 3% of another \$10,000 is only \$300, but why would an agent work any harder on a flat-rate commission? In my experience, agents love referrals from old clients, which may explain why they work hard "despite the weak incentives."(7) My definition of an expert is someone who knows what's missing. As an example of this, I give a fourth reason why it's NOT irrational to vote (they give three weak reasons in the blog post included in their revised edition), i.e., the benefits to an individual from study and engagement in a topic.(8) My years of experience traveling in 100+ countries leads me to respect the diversity of beliefs and institutions that result in a variety of outcomes. Most academics need to exit the Ivory Tower and hit the road more often.(9) On page 134, they write "The typical parenting expert, like experts in other fields, is prone to sound exceedingly sure of himself. An expert doesn't so much argue the various sides of an issue as plant his flag firmly on one side. That's because an expert whose argument reeks of restraint or nuance often doesn't get much attention. They need to apply the same critique to themselves. (They cite themselves in later chapters p139 on abortion and crime as if their earlier claims were facts.)" As another example, take Dubner on page 199, who writes that paper [on police officer counts and crime] was later disputed. A graduate student found an obvious mathematical mistake in it but Levitt's ingenuity was obvious. I'm not sure I'd say the same about someone whose claims rested on logic with obvious mathematical mistakes!(10) Hazlitt says "the art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups," which he summarizes as "...and then what?" That's a good question, and it's how I can easily predict that cheap water prices will lead to failing infrastructure or water shortages, why climate change is arriving "too fast" (due to a lack of carbon taxes), and so on. I'd prefer people to ask "and then what?" more often and spend less time showing off their knowledge of cheating sumo wrestlers.0 of 0 people found the following review helpful. A revised analysis of trends that is thought provoking.By MichaelGDWhile I am much older than the authors and disagree with many of their conclusions, I still found it interesting. As with any analysis of sets of data, where the truth is can become a subjective if not skewed "revelation" that no one seemingly has discovered before. I found that with their analysis of abortion lowering crime while denigrating Mayor Giuliani's success with "stop and frisk". The shooting rate is rising with its cessation yet that was not revealed. An interesting read, just be careful how much you swallow.4 of 4 people found the following review helpful. Interesting approach but nothing awesome insideBy Jairo Ap MartinsThe book is interesting and handles the most common "conventional wisdom", like; circumstances and attribute results based on superficial analysis; analyse the system as a whole and based on unreliable data inputs; moving the people by incentives, positive or negative; names given to lead to success; management of gangs as a business. Beyond of that, shows that the color of skin is not a factor that differentiates the mankind intellectual, but the racism. The parenting can contribute partially to the children growing intellectual. In general the book deals with a wide range of topics which is supposed to be economically associated, according to the author, it tells histories of some personal, and in phase with data argues and debates the themes. I consider this book very rational and it brings the need of data analysis in order to take decisions. The "conventional wisdom" is a good basis but it must be improved or dismissed by reliable data and accurate analysis.

Which is more dangerous, a gun or a swimming pool? What do schoolteachers and sumo wrestlers have in common? Why do drug dealers still live with their moms? How much do parents really matter? What kind of impact did *Roe v. Wade* have on violent crime? These may not sound like typical questions for an economist to ask. But Steven D. Levitt is not a typical economist. He is a much heralded scholar who studies the stuff and riddles of everyday life--from cheating and crime to sports and child rearing--and whose conclusions regularly turn the conventional wisdom on its head. He usually begins with a mountain of data and a simple, unasked question. Some of these questions concern life-and-death issues; others have an admittedly freakish quality. Thus the new field of study contained in this book: *freakonomics*. Through forceful storytelling and wry insight, Levitt and co-author Stephen J. Dubner show that economics is, at root, the study of incentives--how people get what they want, or need, especially when other people want or need the same thing. In *Freakonomics*, they set out to explore the hidden side of ... well, everything. The inner workings of a crack gang. The truth about real-estate agents. The myths of campaign finance. The telltale marks of a

cheating schoolteacher. The secrets of the Ku Klux Klan. What unites all these stories is a belief that the modern world, despite a surfeit of obfuscation, complication, and downright deceit, is not impenetrable, is not unknowable, and-if the right questions are asked-is even more intriguing than we think. All it takes is a new way of looking. Steven Levitt, through devilishly clever and clear-eyed thinking, shows how to see through all the clutter. Freakonomics establishes this unconventional premise: If morality represents how we would like the world to work, then economics represents how it actually does work. It is true that readers of this book will be armed with enough riddles and stories to last a thousand cocktail parties. But Freakonomics can provide more than that. It will literally redefine the way we view the modern world.

.com Economics is not widely considered to be one of the sexier sciences. The annual Nobel Prize winner in that field never receives as much publicity as his or her compatriots in peace, literature, or physics. But if such slights are based on the notion that economics is dull, or that economists are concerned only with finance itself, Steven D. Levitt will change some minds. In *Freakonomics* (written with Stephen J. Dubner), Levitt argues that many apparent mysteries of everyday life don't need to be so mysterious: they could be illuminated and made even more fascinating by asking the right questions and drawing connections. For example, Levitt traces the drop in violent crime rates to a drop in violent criminals and, digging further, to the *Roe v. Wade* decision that preempted the existence of some people who would be born to poverty and hardship. Elsewhere, by analyzing data gathered from inner-city Chicago drug-dealing gangs, Levitt outlines a corporate structure much like McDonald's, where the top bosses make great money while scores of underlings make something below minimum wage. And in a section that may alarm or relieve worried parents, Levitt argues that parenting methods don't really matter much and that a backyard swimming pool is much more dangerous than a gun. These enlightening chapters are separated by effusive passages from Dubner's 2003 profile of Levitt in *The New York Times Magazine*, which led to the book being written. In a book filled with bold logic, such back-patting veers *Freakonomics*, however briefly, away from what Levitt actually has to say. Although maybe there's a good economic reason for that too, and we're just not getting it yet. --John Moe
From Publishers Weekly
Starred . Forget your image of an economist as a crusty professor worried about fluctuating interest rates: Levitt focuses his attention on more intimate real-world issues, like whether reading to your baby will make her a better student. Recognition by fellow economists as one of the best young minds in his field led to a profile in the *New York Times*, written by Dubner, and that original article serves as a broad outline for an expanded look at Levitt's search for the hidden incentives behind all sorts of behavior. There isn't really a grand theory of everything here, except perhaps the suggestion that self-styled experts have a vested interest in promoting conventional wisdom even when it's wrong. Instead, Dubner and Levitt deconstruct everything from the organizational structure of drug-dealing gangs to baby-naming patterns. While some chapters might seem frivolous, others touch on more serious issues, including a detailed look at Levitt's controversial linkage between the legalization of abortion and a reduced crime rate two decades later. Underlying all these research subjects is a belief that complex phenomena can be understood if we find the right perspective. Levitt has a knack for making that principle relevant to our daily lives, which could make this book a hit. Malcolm Gladwell blurbs that Levitt "has the most interesting mind in America," an invitation Gladwell's own substantial fan base will find hard to resist. 50-city radio campaign. (May 1) Copyright Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.
From *Bookmarks Magazine* "Rogue" economist might be an overstatement. As a professor of economics at the University of Chicago and the recipient of the John Bates Clark medal (presented by the American Economics Association to the nation's most outstanding economist under 40) Steven Levitt is hardly an outsider. Yet when journalist Stephen Dubner published a profile of Levitt in *The New York Times Magazine*, the economists theories struck many as, well, freaky. Levitt's field of behavior economics tries to combine classical economics with the emotional rules of human behavior. Some critics complain that *Freakonomics* reads too much like an extended collection of articles without a theme; wasn't this the same complaint we heard most often about Malcolm Gladwell's *Blink* (**1/2 Mar/Apr 2005)? Sometimes we don't mind learning about a variety of things, you know. Levitt and Dubner's continued partnership uncovers entertaining tales of the many quirks of human behavior. Copyright 2004 Phillips Nelson Media, Inc.