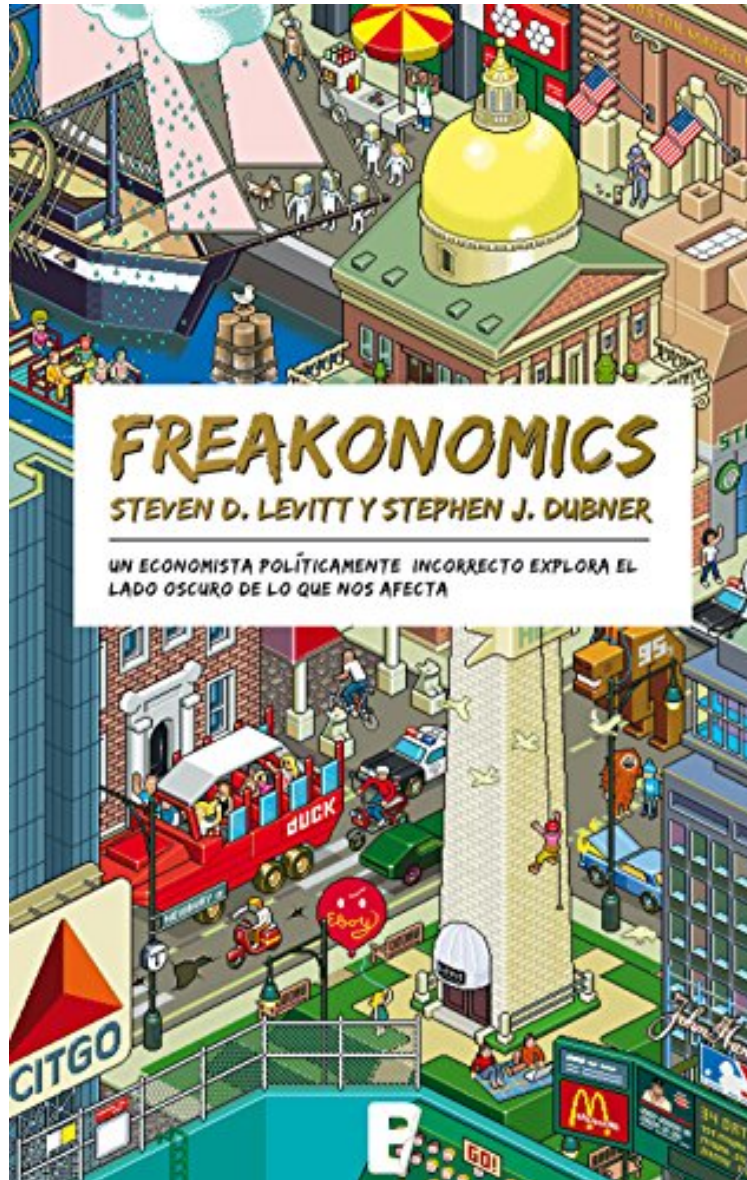


## Freakonomics (Spanish Edition)

*Stephen J. Dubner, Steven D. Levitt*

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**Stephen J. Dubner, Steven D. Levitt : Freakonomics (Spanish Edition)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Freakonomics (Spanish Edition):

106 of 117 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

though 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*.<sup>[2]</sup> 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.<sup>[3]</sup> 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.<sup>[4]</sup> 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.<sup>[5]</sup> 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-lady-oh-prottest-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.<sup>[6]</sup> 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?<sup>[7]</sup> 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.<sup>[8]</sup> 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.<sup>[9]</sup> 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.<sup>[10]</sup> (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.<sup>(3)</sup> 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 on 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 MichaelGD

While 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 inside

By Jairo Ap Martins

The book is interesting and handle 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 differentiate the mankind intellectual, but the racism. The parenting can contribute partially to the children growing intelectual. 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 comproved or dismissed by reliable data and accurate analysis.

En esta obra, Levitt y Dubner demuestran, a traves de ejemplos y una sarcasica perspicacia, que la economia representa el estudio de los incentivos. ¿Que resulta peligroso: una pistola o una piscina? ¿Tienen en comun un maestro de escuela y un luchador de sumo? ¿Por que se parecen el Ku Klux Klan a los agentes inmobiliarios? Quizas estas no sean las preguntas que se formula un experto en economia, pero Steven D. Levitt y Stephen J. Dubner no son unos economistas muy picos. Se trata de especialistas que estudian la esencia y los enigmas de la vida cotidiana y cuyas conclusiones, con frecuencia, ponen patas arriba la sabiduria convencional. A traves de ejemplos practicos y de una sarcasica perspicacia, Levitt y Dubner demuestran que la economia, en el fondo, representa el estudio de los incentivos: el modo en que las personas obtienen lo que desean, o necesitan, especialmente cuando otras personas desean o necesitan

lo mismo.

About the Author Steven D. Levitt is an economist and professor at the University of Chicago. He won the John Bates Clark medal in 2003. Stephen J. Dubner is an award-winning journalist and writer. He is the author of *Choosing My Religion: A Memoir of a Family Beyond Belief* and *Confessions of a Hero-Worshiper*. He lives in New York City, NY.