

Review: Freakonomics

Economics is often regarded as the study of dry, uninteresting financial trends and market developments, but Steven Levitt's groundbreaking work in the field reveals that the tools of economic research can be put to use in the study of the relationships that underlie the events and problems that we encounter and hear about every day. In *Freakonomics*, Levitt and his co-author, journalist Stephen Dubner, offer a survey of some of the most interesting research topics Levitt has tackled during his career.

Chapter 1:

Chapter 1 defines economics as nothing more than the study of incentives and how they are pursued. Sometimes a particular set of incentives is so irresistible that people are driven to attain them through unscrupulous behavior. The authors undertake a study of several prominent instances of cheating. In each instance, Levitt devised a way of analyzing data to detect not only the presence of cheating, but also some of the patterns and incentives that may have served to compel the cheaters to act unethically. The cases that are afforded the most attention include the Chicago public school teachers who changed answers on their students' high-stakes standardized tests and Japanese sumo wrestlers who conspired to throw certain high-stakes matches.

Chapter 2:

Chapter 2 centers on the theme of information and the way that individuals, organizations, and businesses often exploit their access to crucial information at the expense of others. First, the authors describe the way that journalist Stetson Kennedy exploited information to help bring about the downfall of the Ku Klux Klan. Then, Levitt's research on the actions of real estate agents offers another perspective to the discussion. His analysis of real estate data found that agents behave quite differently when the homes they are selling are their own. A few other examples of applications of information asymmetry are also described. Throughout the novel the author consistently employs patisian views accented with a nostalgic attitude;consistenly refering to previous periods. (Seth Ali contribution)

Chapter 3:

In Chapter 3, Levitt offers an in-depth discussion of the economic workings of a Chicago drug gang, shattering the common misconception that all drug dealers are wealthy. His analysis of the financial records of a Chicago gang proved that most street-level dealers earned far less than minimum wage. He turns to the socioeconomic context of most gangs for an explanation of the incentives that compel young men to become drug dealers. The influence of gangs is a critical part to the function of the economy because it consistently creates jobs and programs to the fight the prevalent issues. (Seth Ali contribution)

Chapter 4:

Chapter 4 sets forth what is arguably Levitt's most controversial finding: his research revealed a strong link between the legalization of abortion in the United States in 1973 and the sharp decline in violent

crime that the nation experienced in the mid-1990s. He bolsters the credibility of this claim by demonstrating that most other explanations for the crime rate drop are untenable.

Chapter 5 & 6:

Chapters 5 and 6 both address various aspects of parenting and the way that parents' status, choices, and actions can impact the outcomes of their children's lives'. First, Levitt details the outcome of his study of the safety of backyard swimming pools, which found that children are 100 times more likely to drown in a backyard pool than they are likely to die while playing with a gun. Then, he summarizes the findings of a series of studies about parenting practices, all of which suggest that parental socioeconomic status is a more reliable predictor of high academic outcomes in children than most other parenting practices that are commonly recommended by experts, such as reading books to your children. He then turns to the study of children's names; specifically, the different economic impacts of "white" versus "black" names. Levitt concludes with a discussion of the patterns that govern the popularity of children's names in the United States .

P.S.

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