
Secrets Of Economics In Freakonomics Book

In the first chapter, the authors claim that there the world is driven by incentives. They begin by introducing an example with an unexpected outcome: a day care center that begins fining parents that are late to pick up their children. Surprisingly, the number of late pick-ups begin to increment. After puzzling the reader with this example, the authors introduce and explain what are incentives and how they drive actions. They talk about the three categories that incentives fall into: economic, social, and moral and present many examples in which incentives play a big role. The authors discuss about teachers, which are supposed to teach values, skills, knowledge and be exemplary, that cheat by changing incorrect marks on standardized tests for the sake of getting a raise. Then, they compare it to Sumo, which in Japanese culture is not about competition, but about reviving religious, military and historical emotions.

Dialectical Analysis

“But mosts incentives don’t come about organically. Someone[...] has to invent them. Your three-year-old eats all her vegetables for a week? She wins a trip to the toy store”(17). (E) In this quote, the author brings about the concept of relativity and how it works in our everyday lives. We, humans, are the ones who set the standards and decide what is right and what is wrong. Therefore, there is not one standard by which everyone abides. The norms depend context of the people.

“But there was another problem with the day-care center fine. It substituted an economic incentive (the \$3 penalty) for a moral incentive (the guilt that the parents were supposed to feel when they came late). For just a few dollars each day, parents could buy off their guilt“(20). (T) In this quote we can see how people have a complex that obliges them to endeavor to put forth the best image of them. Sadly, the crude reality of humans is that they value money much more than feeling (such as guilt). They are willing to pay some money to buy off unpleasant feelings (such as guilt).

“An athlete who is caught cheating is generally condemned, but most fans at least appreciate his motive: he wanted so badly to win that he bent the rules”(37). (T) Here we are told about the way humans are capable of doing anything --either breaking the rules, consuming illicit substances, making others lose, or bribing those with power-- to put themselves as a priority and get to the top.

“The most logical explanation is that the wrestlers made a quid pro quo agreement: you let me win today, when I really need the victory, and I’ll let you win next time”(41). (A) It is understood that the agreement is made so both players stay in their elite status and win great amounts of money. However, why wouldn’t the best player simply tumble down all other wrestlers instead of letting them occasionally win?

“The data also show that smaller offices are more honest than big ones.[...] In a bigger office, a bigger crowd is bound to convene around the bagel table, providing more witnesses to make sure you drop your money in the box. But in the big/small office comparison, crime seems to mirror street crime. There is far less crime per capita in rural areas than in cities, in large part

because a rural criminal is more likely to be known (and therefore caught). Also, a smaller community tends to exert greater social incentives against crime, the main one being shame. (T) In this quote, the authors show the power of one's image in a small community. When people are bound to a smaller community, the social pressure that they feel is greater because a greater percentage of the population may turn against you. This theme reminds me of the book "The House of Bernarda Alba" by Federico Garcia Lorca, in which the main character's greatest fears are what other people are going to say about her and her family and the potential of going down through the social ladder.

5 Words

INcentive Neutral, formal

Solution Positive, formal

Coercion Negative, formal

Exorbitant Positive/Negative, formal

Problem Negative, formal

The second chapter talks about information and its derivative known as information asymmetry. The authors begin by describing a terrorist group, the Ku Klux Klan, which is a secret reactionary society that discriminates against non-caucasian americans. This group has its own secret information, passwords, language, etc. The authors compare this group to real estate agents: they also have their secret language and expertise knowledge that they don't want clients to know so they can maximize their gains. Throughout the chapter the authors highlight the power of information and its availability to the public. They do so by talking about the internet and the way people display their information to the public. The way people lie about their assets on Tinder and house sellers describe tiny shacks as luxurious mansions are examples of how people with information can control others that don't.

Dialectical Analysis

"The most compelling explanation is that all of these early lynchings worked. White racists[...] had through their actions and their rhetoric developed a strong incentive scheme that was terribly clear and terribly frightening. If a black person violated the accepted code of behavior, whether by talking back to a bus driver or daring to try to vote, he knew he might well be punished, perhaps by death"(57). (T) One of the main themes of this book is Fear. In this quote, the authors mention how those in the higher end of the pyramid impose fear by physically harming black people to oblige them to follow the rules and to not even think about violating them. This method of imposing fear is widely used in the real world by dictators and other extremist leaders. It is also seen in 1984 by George Orwell, as the citizens fear their actions because Big Brother is watching them.

"Information is a beacon, a cudgel, and olive branch, a deterrent-- all depends on who wields and how. INformation is so powerful that the assumption of the information, even if the information does not actually exist, can have a sobering effect"(63). (AP)- In this quote, we can

see how the author wants to communicate about how people communicate and take information. Ironically and paradoxically, they are communicating information at the same time, making us doubt about it. Implicitly, the authors are trying to educate readers to stop taking what people say as facts and rather doubt and verify everything by themselves or with the help of a trustable source.

“Armed with information, experts can exert a gigantic, if unspoken, leverage: fear”(67) (T)- One of the main themes that the authors try to convey is that fear is a way of power. Throughout the book, the authors explain how society is driven by the intrinsic incentive of fear which allows those in power to manipulate those whom are not.

“It would be naïve to suppose that people abuse information only when they are acting as experts or as agents of commerce. After all, agents and experts are people too - which suggests that we are likely to abuse information in our personal lives as well, whether by withholding true information or editing the information we choose to put forth.” (73) (C) - In this quote, one can see how the people of the world are constantly thinking about how to present information by filtering or altering it in order to receive benefits. In 1984 by George Orwell, information asymmetry is also seen as the information in the propaganda given to the citizens is either false or edited. In the dystopian society, the elite community abuses information to benefit themselves --maintain power.

“The point here is not that real estate agents are bad people, but that they simply are people- and people inevitably respond to incentives.” (73) (AP)- Through this quote, the authors intend to tell the readers about the philosophical truth of all humans. They say that every single person will respond to incentives, which may lead to a parasitic effect-- in which one person is benefited, and the other is affected. It doesn't mean that they are bad people, it means that they are human. All humans seek self-satisfaction and pleasure because they are naturally greedy.

Information Neutral, formal

Asymmetrical Neutral/Negative, formal

Public Neutral, formal

Secretly Neutral, informal

Magical Positive, formal

In this chapter, the authors argue that conventional wisdom shouldn't be associated with truth-- in other words, generality does not equal reality. The authors explain their argument by uncovering the reality behind the drug dealing industry. People commonly assume that all drug dealers must make great amounts of money because drugs are scarce and there is a high demand for it; therefore, those who sell them will gain a lot of money. However, the drug dealing business possesses the same pyramidal structure as all other corporations: the bosses make the most money, and the workers make the least.

Dialectical Analysis

“ But if you were to spend a little more time around the housing projects where crack was so often sold, you might have noticed something strange: not only did most of the crack dealers still live in the projects, but most of them still lived at home with their moms. And then you may have scratched your head and said, ‘Why is that?’” (89) (I) - A very common stereotype is that drug dealing is an easy job that yields a great quantity of money. This would allow for major drug dealers to live in wonderful mansions, own classy clothes, and drive elegant cars. However, most drug dealers live in their projects, with their moms.

“But if you can question something that people really care about and find an answer that may surprise them--that is, if you can overturn the conventional wisdom--then you may have some luck”(85). This relates to the theme that humans should questions their surroundings because the authors are encouraging readers to not associate generalities with truth. Instead, know what the answer by oneself.

“To kids growing up in a housing project on Chicago’s south side, crack dealing seemed like a glamour profession for many of them, the job of gang boss - highly visible and highly lucrative - was easily the best job they thought they had access to. Had they grown under different circumstances, they might have thought about becoming economists or writers.” (102) (E) - I this quote we can see how these people have the fanatasy and dream of becoming rich, powerful, and famous. This connects to the theme that humans are greedy for unnecessary, extrinsic sources of pleasure.

“In other words, a crack gang works pretty much like the standard capitalist enterprise; you have to be near the top of the pyramid to make a big wage” (100) (AP) - In this quote, the authors want to make the reader realize the truth about the generality that all crack dealers are rich because there is a high demand for crack, its production is cheap, and its price is elevated. Crack dealing is just like any other business in a capitalist society: the CEO makes the most money, and the workers earn the minimum wage.

“Who cared if the crack game was a tournament that only a few of them could possibly win? Who cared if it was so dangerous--standing out there on a corner, selling it as fast and anonymously as McDonalds sells hamburgers, not knowing any of your customers, wondering who might be coming to arrest or rob or kill you?”(111). (T)- Like in the last quote, in this one the authors compare the crack dealing business with McDonalds. Primarily, they claim that crack dealers sell crack as fast as McDonalds sells burgers, but more importantly, they argue that the business is just like McDonalds. The workers earn the minimum wage and wage increases exponentially up the pyramid.

Convenience Positive, formal

Truth Positive, formal

Comfortable Positive, informal

Behaviors Neutral, formal

Consciousness Positive, formal

Personal Response

Freakonomics, by Steven Levitt and Stephen Dubner exposes the crude reality of the world and the secrets of economics. Even though many regularly hindered perspectives and concepts are discussed, the book mainly argues that humans will act rogue to satisfy their greed because they are driven by incentives, distribute information asymmetrically, and care about status and money.

In the first chapter, the authors discuss about how humans carry out actions because of incentives. These can be immoral, yet they are held as important because they lead to benefits. In this specific chapter, the example about the teachers that cheat by altering their students' exams because they want to get a raise is an example of how even the people that are supposed to be exemplary perform corrupt behaviors because they seek money and status. Another example is how sumo wrestlers make agreements to stay in the elite status, "you let me win today, when I really need the victory, and I'll let you win the next time"(41). Even though sumo is not supposed to be about competition, the wrestlers are greedy for money and status that they act rogue to gain both.

Subsequently, in the second chapter the authors talk about how people filter information based on the recipient. The primary example that the authors use is about real estate agents. These are experts in counseling house sellers and buyers when to sell and when to buy. However, they tell the buyer or the seller that it is the best time to buy or sell when it is really not. Instead of working an extra week or two to sell the house at a better price and earn a small amount of money, they prefer to sell it and move on to the next deal because in the long run it will yield more money. In this example one can see that agents do not really care about their clients and only want to save time and earn more money. Therefore, they sneakily present the edited truth to their clients.

Finally, in the third chapter the authors discuss about drug dealers that care about status and money. In the explanation, the authors talk about how the crack dealing business is just as capitalist as McDonalds: there is a pyramid, and those at the top earn the highest wage. They also talk about how those at the highest mistreat the workers by paying them below the minimum wage and imposing fear. The reason they do this is to maintain their status and power: to show them who is the real boss. By being rogue, those at the high end of the pyramid do not allow others to go up the ladder and take parts of the person's earnings.

In conclusion, I believe that the argument applies to all humans, including myself. I am greedy and sometimes I pull immoral tricks in order to satisfy myself even when the incentive is wrong. Sometimes I portray myself as someone that should be hailed in my resume and essays to get hired or accepted; sometimes, I don't help others with math questions so they don't beat me at my own game. Because I do it and I have seen others doing it, I definitely agree with the authors in that humans are greedy and that they will sometimes act corruptly in order to achieve their satisfaction.

The Importance of Diction

Diction is very important because it gives character to text. Diction must be appropriate for the audience that the piece is given to. This is because diction alters the author's tone, credibility, and connection with the reader. For example, a children's book must have simple words that should have a positive connotation for the most part while a formal letter to an executive must

have a neutral tone and advanced vocabulary, and it must also not make use of colloquialisms or slang. The diction in Freakonomics fluctuates from slightly informal to slightly formal because the authors like to connect with the reader and showcase examples that are easy to understand while maintaining their credibility.

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