

Book Review

Think Like a Freak:

The Authors of Freakonomics Offer to Retrain Your Brain

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Think Like a Freak: The Authors of Freakonomics Offer to Retrain Your Brain

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Steven Levitt is an economist, and Stephen Dubner is a writer. They wrote in 2005 *Freakonomics. A rogue economist explores the hidden side of everything*, a book about cheating teachers, bizarre baby names and drug dealers. Although they estimated that they will not sell more than 80 books, their book has been translated into 40 languages and sold 5.5 million copies. After four years, in 2009, they wrote a new book, *Superfreakonomics. Global cooling, patriotic prostitutes, and why suicide bombers should buy life insurance*, telling stories about prostitution, manure and dangers of walking while in drunkenness. This time the book has sold in 1.5 million copies. In 2014 their third book appeared, *Think Like a Freak: The Authors of Freakonomics Offer to Retrain Your Brain*, considered by New York Times as the second-best selling book of the year.

In spite of the apparently silly title, the book thesis is that individuals must confront with new strategies, other than the conventional ones, the issues they faced, because only "seeing things from a new angle, literally, you sometimes can own an advantage in solving a problem". If until now the authors assumed a descriptive approach to various phenomena, using standard research methods such as the use of large datasets, natural experiments and other research methods to infer surprising results, in this book they explicitly assumes a prescriptive dimension about the steps you need to *think like a freak*. Some of these steps include identifying and attacking the root of the problems (most often structural), recognizing the limits of the arguments used, recognizing the advantages that other arguments may have in improving the explanatory model, the need for dialogue and the ability to relinquish an idea when it is no longer useful. Throughout the book, the authors, referring to a series of examples that go from how football players carry out penalties to the world champion in eating hot-dog, Takeru Kobayashi, are trying to identify the steps listed above, and their importance

in understanding and confront the problems we face. Also, the book is based on three assumptions, which are common to the other works: a) incentives matter; b) measurement of data has a high explanatory power; and c) correlation not cause causality.

The main body of the book presents a series of situations that evaluated by the *homo economicus* model, often used by neoclassical economists, should give different results than those observed in reality. The reasons given by authors to justify the behaviour of the individuals are diverse, from fear of shame and loss aversion for football players, to errors of prediction and postfactum discourse rationalization. Mainly, the type of justification that the authors use are from the field of behavioral economics, social psychology, cognitive psychology and experimental economics. One of the most interesting example of this approach can be found in the discussion the authors make about *ordalia*, an institution which was created to solve various social dilemmas (from legal decisions to the potential victims of the Nigerian game).

Another important aspect linking chapters of the book is given to the role of metaphors and stories on how we should present the data. Only 14% of adults living in US know all the 10 commandments, and 71% of them know at least one of them. However, the situation is different when talking about the stories in the Bible. More people know the story of Adam and Eve, as Moses parted the Red Sea or how King Solomon resolve a dispute between two women who claimed the same child. Why is this happening? Because stories are enjoyable and remain easy in memory. By establishing an analogy between objects described by theory and objects with which we are familiar, a researcher is able to speak a language easily readable by everyone. Suddenly, economy seems easy to understand.

One of the book's strengths is the insistence with which the authors discuss the significance of the experimental method, especially field experiment, in testing the hypotheses and predictions we make. In this regard, experiments can be used to: a) test a theory or discriminate between theories; b) explore the causes of a theory's failure; c) establish empirical regularities as a basis for a new theory; d) compare environments; e) compare institutions and f) evaluate policy proposals (Smith, 1994, 113-115). Experiments represent a good mechanism to provide qualitative evidence, providing ground for discussion between academic and practitioner and providing a high degree of observability of the decision-making process. The great advantage of experiments compared with other research method is its ability, if properly methodologically constructed, to isolate and test the effect of the explanatory variable on the outcome variable.

On the other hand, the strength of the book represents one of the main criticism that I can bring to it. The experimental method is constantly facing the tension between its internal and external validity. First, the internal validity refers to the extent to which the experimental group received the treatment that the researcher controls in an attempt to observe if it causes any effect or not. In contrast, external validity refers to the extent to which we can generalize the results obtained from an experiment to the entire population. In all cases, you cannot achieve 100% validity, but what you can do is to turn to different strategies to increase the validity (randomization, pre-testing, reiteration etc.). In this book all natural experiments presented have problems in terms of internal validity, in the sense that we can never be sure that the predictor variable who believe that determine the behaviour we observed is sustained or not. In this sense the distinction between correlation and causation that the authors bring to the forefront can be applied always to the examples that they use.

The book presents a collection of problems which the authors find unconventional answers based on field experiments and taking always into account the distinction between correlation and causation. From this point of view the book presents value, as constantly remind us about the explanatory power of the models that we use in analyzing social phenomena. The book advantages are at the same time the foundations of the main criticisms, since all examples can fall into the correlation/causality error. Additional, field experiments shows always a problem with their internal validity. However in the book are not found references about the methods the authors used to minimize this problem.

REFERENCES

Smith, V. (1994). Economic in the laboratory. *The Journal of Economic Perspectives*, 8(1), 113–131. doi:10.1257/jep.8.1.113