

## Overview of Freakonomics: Themes and Fundamental Ideas

Although, as the authors note, there is no single unifying theme the book is built around, we have identified a number of concepts that recur throughout the book.

### Positive vs. Normative Analysis

Many of the tales in *Freakonomics* are intended to challenge the prior beliefs (i.e., the conventional wisdom) of the reader. The conclusions derived from various investigations described in each chapter will often surprise you. They may even irritate your sensitivities.

The investigations in these chapters, perhaps like no other quantitatively-oriented book, bring home the differences between looking at the world from the point of view of a moralist and the world view of a scientist.

If morality represents the way that people would like the world to work, economics represents how it actually does work.

According to the authors: "it is well and good to opine or theorize about a subject, as humankind is wont to do, but when moral posturing is replaced by an honest assessment of the data, the result is often a new, surprising insight."

### The Nature of Scientific Inquiry

*Freakonomics* provides new insights into the scientific process. The investigations in *Freakonomics* address economic and social issues that are frequently difficult, but not impossible, to quantify.

The means of formulating testable hypotheses, the difficulties involved in gathering useful data and the utilization of those data are testaments to the discipline and creative mental processes of true scientific inquiry.

Freakonomics provides concrete illustrations of how unconventional methods of data gathering and “stand-on-your-head” ways of looking at data are often necessary to make sense of the world.

Knowing what to measure and how to measure it makes a complicated world less so.

Incentives are the cornerstone of modern life

Indeed, incentives have been the cornerstone of human existence. Economics is the study of human behavior as it manifests itself in the sometimes foggy mist of incentives.

An understanding of incentives is the key to clearly understanding any human behavior.

The conventional wisdom is often wrong

Freakonomics takes pleasure in using the powerful quantitative tools of economic inquiry to turn conventional wisdom on its head.

The authors do not argue that conventional wisdom is always wrong, but they do conclude that the conventional wisdom that is used as an explanation for many social issues is unexamined, unquestioned and often not correct.

Dramatic effects often have distant, even subtle, causes

As the authors state: “the answer to a given riddle is not always right in front of you.” Of course, positive economic inquiry and gathering and interpreting the data that are necessary to solve a sticky social riddle are often hard. But it is the hard part that makes it worthwhile! If it were easy, everyone would do it.