

Freakonomics: A Rogue Economist Explores the Hidden Side of Everything	
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Money in elections	<p>Correlation means two variables are related, but it doesn't show causation—X might cause Y, Y might cause X, or a third factor (Z) could cause both</p> <p>The candidate who spends more money in a campaign usually wins</p> <p>The amount of money spent by the candidates hardly matters at all</p> <ul style="list-style-type: none"> - A winning candidate can cut his spending in half and lose only 1% of the vote - A losing candidate can double his spending and only shift the vote in his favor by that same 1% <p>In a typical election period that includes campaigns for the presidency, the Senate, and the House of Representatives, about \$1 billion is spent per year</p> <ul style="list-style-type: none"> - It's the same amount that Americans spend every year on chewing gum
Update	<p>The 2020 U.S. federal elections (president + Congress) cost around \$14–16 billion</p> <ul style="list-style-type: none"> - The U.S. chewing gum market today is \$3–5 billion
Key ideas	<p>Understanding incentives is the key to solving just about any riddle, from violent crime to sports cheating to online dating</p> <p>Experts—from criminologists to real-estate agents—use their informational advantage to serve their own agenda</p> <ul style="list-style-type: none"> - In the face of the Internet, their informational advantage is shrinking every day
Donating blood	<p>When people are given a small stipend for donating blood rather than simply being praised for their altruism, they tend to donate less blood</p>
Beer study	<p>People will pay different amounts for the same item depending on who is providing it</p> <ul style="list-style-type: none"> - A thirsty sunbather would pay more for a beer delivered from a resort hotel than if it came from a shabby grocery store
Bagel study	<p>Smaller offices are more honest than big ones</p> <ul style="list-style-type: none"> - Bagel crime seems to mirror street crime - There is far less street crime per capita in rural areas

	<p>than in cities</p> <ul style="list-style-type: none"> - Rural offenders are more likely to be recognized and caught - In smaller communities, shame acts as a stronger deterrent to crime
Information asymmetry	<p>For one party to a transaction to have better information than another party</p> <p>Internet has shrunk the gap between the experts and the public</p>
Real-estate agents	<p>An agent keeps her own house on the market an average 10 extra days, waiting for a better offer, and sells it for over 3% more than your house</p> <p>A real-estate agent persuades sellers to accept less while signaling to buyers that they can pay less</p>
Drug dealers	<p>A crack gang operates like a typical capitalist business: only those near the top earn large incomes</p> <p>Crack offered a cheap, fast-acting high that wore off quickly, encouraging repeated use</p> <p>Crack use hit black neighborhoods much harder than most</p>
Economy and crime	<p>A stronger job market may reduce financially motivated crimes like burglary, robbery, and auto theft</p> <ul style="list-style-type: none"> - It does not have the same effect on violent crimes such as homicide, assault, and rape
Police and crime	<p>Hiring of additional police accounted for roughly 10% of the 1990s crime drop</p>
Broken window theory	<p>Minor nuisances, if left unchecked, turn into major nuisances</p>
Guns	<p>There are enough guns in the United States that if you gave one to every adult, you would run out of adults before you ran out of guns</p> <p>In Switzerland, every adult male is issued an assault rifle for militia duty and is allowed to keep the gun at home</p>
Abortion and crime	<p>Childhood poverty and a single-parent household are among the strongest predictors that a child will have a criminal future</p> <p>Study has shown that low maternal education is the single most powerful factor leading to criminality</p> <p>Legalized abortion led to less unwantedness</p> <ul style="list-style-type: none"> - Unwantedness leads to high crime

	<ul style="list-style-type: none"> - Legalized abortion, therefore, led to less crime <p>Many consider abortion itself to be a violent crime</p> <ul style="list-style-type: none"> - The number of post-Roe abortions in the United States, 37 million as of 2004, outnumber the 6 million Jews killed in Europe
“Control” principle	<p>Risks that you control are much less of a source of outrage than risks that are out of your control</p> <ul style="list-style-type: none"> - Explains why most people are more scared of flying in an airplane than driving a car - The risk of a terrorist attack is far lower than the risk of dying from heart disease caused by a fatty diet
Academic success	<p>Child’s academic abilities are far more influenced by the IQs of his biological parents than the IQs of his adoptive parents</p> <ul style="list-style-type: none"> - Compared to similar children who were not put up for adoption, adoptees were far more likely to attend college, to have a well-paid job, and to wait until they were out of their teens before getting married
Parenting	<p>It isn’t so much a matter of what you do as a parent; it’s who you are</p> <ul style="list-style-type: none"> - If you are smart, hardworking, well-educated, well-paid, and married to someone equally fortunate, then your children are more likely to succeed
What’s in a name?	<p>A person with a distinctively black name does have a worse life outcome</p> <ul style="list-style-type: none"> - It isn’t the fault of their names <ul style="list-style-type: none"> - Parents who name their son Jake typically live in different neighborhoods and economic conditions than those who name their son DeShawn

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