



Book Review

SUPERFREAKONOMICS:

**Global Cooling, Patriotic Prostitutes, and Why
Suicide Bombers Should Buy Life Insurance**

*Steven D. Levitt and Stephen J. Dubner,
New York: HarperCollins, 2009. 288 pp.*

Reviewed by Sherman Folland

Background

To better understand *SuperFreakonomics*, it is useful to have some background on Steven Levitt's unconventional career in economics. His previous book co-authored with Stephen Dubner, *Freakonomics*, may strike some readers as wild, even bizarre, because of his choice of subjects and methods: Why do drug dealers live with their mothers? (They don't make much money). Does giving your child an unusual African name hurt their chances in life? (Probably not.) Which is more dangerous for child, a gun in the house or a swimming pool? (A swimming pool.) Do Sumo wrestlers cheat in tournaments? (Sadly, yes.) Did Roe v. Wade help to end the crime wave? (Probably yes.)

When beginning in grad school at MIT, he wasn't considered to be the most likely to succeed. He was not brilliant at

math and didn't care much about it. But Levitt as a student published an article in the *American Economic Review*, and since economic journals are steeply hierarchical, and an essay in *AER* is considered a rare achievement, Levitt seemed to have something, some new elixir.

The University of Chicago recognized his talent and hired him. This was another coup for Levitt, because UC, despite its politics, is considered by many as the best economics program in the world, having produced more Nobel laureates than any other school. In his tenure there, Levitt continued to publish frequently in top journals. He was chosen as editor of the prestigious *Journal of Political Economy*, and he was given the directorship of The Becker Center on Chicago Price Theory. In 2004, the economics profession granted him the J.B. Clark Award, the highest honor American economists bestow on the best economist under age forty, and some winners have found it to be a stepping stone to the Nobel Prize. My point is that Levitt is no freak, no flash in the pan.

A Tale of Two Prostitutes

Levitt and Dubner focus on the revenues, costs and life circumstances of two prostitutes. Most interesting is the vast inequality that exists in this market, mirroring and amplifying the inequality in much of American life.

LaSheena is a street walker in a rough part of Chicago. She has an attractive face, though at age twenty-nine she is already showing the wear and tear of street life. Turning tricks is strictly for money, because she doesn't really like men. She has to supplement this income with shoplifting, cutting men and boy's hair, and serving as a lookout for local drug dealers.

At Chicago averages, LaSheena takes home about \$350 a week from prostitution, or about \$17,500 a year; in contrast, an average Walmart employee earns about \$23,500 a year, which in turn, is a bit less than the U.S. average. Walmart

jobs, and other similar and legitimate enterprises, have some advantages: your customers won't beat you up twice a year on average, and chances are you won't be addicted to drugs. Those firms offer some benefits, 401K and even some modest vacation time; their best advantage is that you are not washed up by age thirty-five.

Yet prostitution has always offered some women a much higher income than was available to them elsewhere; this is true for LaSheena as well, locally. Cutting hair pays only \$8 for boys and \$12 for men. Remember LaSheena saying that she doesn't really like men? The next question she was asked by the surveyor was, "If prostitution paid twice as much would you do more?" And she said, "Yeah!"

An odd fact that the authors discovered is that prostitutes a hundred years ago earned an income when adjusted for inflation that far exceeded the average income of prostitutes today. Why? They hypothesized that given the security provided by the pill that young women today are more willing to offer these benefits for free. It is a matter of demand and supply!

Allie's story was vastly different. She had been married, middle class, and though her marriage ended in divorce, there had been no fighting, she had simply been bored. Divorced, she took work as a computer programmer and became well respected in her work. But she became bored again. For some excitement, she signed on to a computer dating service, and on a lark she listed her profession as "escort." She got lots and lots of responses. This began a remarkable career.

Allie got a nice apartment in a reasonably respectable neighborhood in Chicago. Her computer skills came in handy as she built her own website, and by trial and error she networked with other websites that brought her the kind of clientele that she wanted. The internet allowed her to be her own madam.

She is a very attractive blonde, but she is also intelligent and caters to her clients thoughtfully. When a man arrives for his appointment and opens the door, he hears his favorite music playing and he finds his favorite beverages in the cooler.

The room features a massive Victorian bed. This little bit of heaven would cost a client \$300 an hour when Allie started out, but now her fee is \$500 an hour. She sees clients, often middle-aged men, during the day, reserving the evening hours for reading and entertainments. She appears to be content being called a hooker. However, write Levitt and Dubner:

Allie began looking for an exit strategy. She was in her early thirties by now and, while still attractive, she understood that her commodity was perishable. She felt sorry for older prostitutes who, like aging athletes, didn't know when to quit . . . She had saved money but not enough to retire. So she began casting about for her next career. (78–9)

Allie knew what she wanted, a chance to exploit her skills in running a business, making stellar money. She went back to college and chose the appropriate field of study. What else? Economics!

The Bank Employee and the Terrorists

This is one of my favorite stories in the book, and I want to tell you about it.

Ian Horsley got a job as a cashier in a bank with the help of his girlfriend's father. Ian showed a talent for computer programming, and eventually he was given the job of detecting customers who were defrauding the bank. He got to be very good at this, using, of course, only the items in the bank's large database: e.g., did the customer open his account with cash? In which area of London was the address located? Did he have a savings account?

He became so skilled at this, that with the London police officials' close interest, Ian began to try to identify future terrorists. The statistical technique used was something like the multiple regression estimates used by social scientists. The implication of this is that although a terrorist can never be iden-

tified with certainty, you want to narrow the uncertainties as much as possible. No doubt it is not fun to be accused of being a terrorist, and with 50 million people in the U.K. for Ian to wrongly identify just one percent of the time would mean 500,000 very angry people.

He got it down to just thirty people suspected of being terrorists. The profile for terrorists identified these possible characteristics: male, age twenty-six to thirty-five, student, cell phone owner, home renter, lacks savings account, doesn't withdraw money at an ATM on Fridays, has a Muslim name, doesn't buy life insurance. There are other criteria, and one of them is so effective that the authors have agreed not to print it.

I was fascinated by this story, but why should you trust my judgment? There is no account of how Ian got a sample of known terrorists. Perhaps Levitt and Dubner were duped too. The investigations continue, and understandably much of the needed information is classified. I offer two indicators that the story is solid. First, Levitt is extremely good at using statistics to discriminate between classes of observations. Second, the U.K. at least since July 7, 2005 is extremely serious about developing quality intelligence on terrorists. And Ian Horsley is now Sir Ian Horsley.

Save the Planet Earth

Intellectual Ventures, Inc. occupies a former motorcycle repair shop in Seattle. Nathan Myhrvold, formerly the spark plug of Microsoft's explosive growth, leads the group, a bunch of polymath wizards. I checked out the credentials of two of them, Lowell Wood and Ken Caldeira, and they live up to the authors' exuberant descriptions. IV has a reputation for seeking out simple solutions to giant problems, and when Levitt and Dubner visited them they were contemplating solutions to climate change.

Like any group of brainy people, this group had some dis-

putes, including the following: Is carbon dioxide really the culprit in global warming? Is climate change disaster really imminent? There was, however, a consensus that there is a small but significant probability that a disastrous climate change may occur. Faced with disaster we need to be ready with a perhaps radical but definitely effective solution, and IV thinks they have one.

Their solution evolved from a scientific lesson they were taught by Mount Pinatubo. That volcano in the Philippines erupted in 1991 with such force that it spewed 20 million tons of sulfur dioxide into the stratosphere.

As it turned out, the stratospheric haze of sulfur dioxide acted like a layer of sunscreen, reducing the amount of solar radiation reaching the earth. For the next two years, as the haze was settling out, the earth cooled off by an average of nearly 1 degree Fahrenheit or .5 degrees Celsius. (Levitt and Dubner, 252–3)

The Pinatubo experience suggested an artificial, technological global warming solution to the IV scientists. They would run a hose, buoyed by a system of balloons, up eighteen miles into the stratosphere and use the hose to pour sulfur dioxide into that layer to form a sunscreen for the planet.

When I first read of this in *SuperFreakonomics*, I thought it seemed crazy and that it raised serious questions. For example: What if the scientists make a colossal mistake? Does it make sense to pollute the atmosphere in order to offset the effects of polluting the atmosphere? And who gets to decide?

But after some searching, I found that solutions like this, called geoengineering, have been discussed for several decades. Although questions of risk are still serious and even though the politics of actually doing it seem insurmountable, perhaps it would be acceptable in case of a dire earth emergency. Suppose the Gulf Stream were to come to an end. Geoengineering might then be the ticket. “In Case of Emergency Break the Glass.”

Tidbits

The book is full of stories of the kind I have retold, but it also serves up many memorable bits of information. For example, have you guessed that having a surname that begins with a low letter of the alphabet is an advantage to an academic career? It is; statistically the “A’s” have it. For another: Bill Gates, who joins in the IV group, developed a laser device that kills female mosquitoes, important since the females are the ones that carry malaria. The machine identifies the lower wing speed of the female. And did you know that Robert McNamara was instrumental in putting seat belts in cars, thus saving thousands of lives?

In conclusion, if you liked *Freakonomics*, you can’t possibly be disappointed. If you have read neither, this is a good place to start. But be aware that these are entertainments set in extremely informal prose, almost stream of consciousness prose. Yet despite this mask of informality, you’ll recognize things that are on the cutting edge of problems that concern our society.