

Monday, June 13, 2005

Freakonomics and podcasting

Over the weekend I travelled by train rather than car to see my mother, and this gave me the chance to catch up on some reading. (I didn't take my laptop and my mobile phone stayed switched off for the entire length of the journey!). It gave me the chance to catch up on some reading that I have been looking forward to for some weeks. The book I have been itching to read has the eye-catching title "[Freakonomics](#)" <http://www.freakonomics.com/> by Steven D Levitt and Stephen J Dubner. Levitt is a Professor in the Department of Economics at the University of Chicago <http://www.src.uchicago.edu/users/levit/> and Editor of the Journal of Political Economy. Dubner is a journalist who writes for the New York Times and The New Yorker. The book grew out of the collaboration between the two after they met when Dubner went to interview Levitt, who is one of the most interesting economists of his generation. If you haven't come across him before I recommend that you take a look at some of his work - especially if you think economics is too full of mathematics or is too distant from real world problems.

Why mention this book on my enetstuff blog you may ask? The reason is because there are several references in this informative, entertaining and extremely readable book to issues relating to economics and the internet. For example in chapter two, which is all about the value of information, but which is intriguingly titled "How is the Ku Klux Klan like a group of Sumo wrestlers?", he discusses the dramatic fall in the price of life insurance policies in the late 1990s due to the improved information on the prices of such policies provided by price comparison sites such as [Quotesmith.com](#). Some other forms of insurance where the risk relates to the particular characteristics and circumstances of the individual are more difficult to compare, but thirty-year term life policies for \$1 million are homogeneous and this makes price comparisons straightforward. Levitt and Dubner point out that almost overnight customers in the US were paying in total about \$1 billion less a year for life insurance. Search costs had been dramatically reduced and so had the power of the insurance companies selling such policies to overcharge.

By the way, Freakonomics has it's own blog at <http://www.freakonomics.com/blog.php>

I also read The Observer newspaper where I found an interesting snippet about podcasting (<http://observer.guardian.co.uk/business/story/0,6903,1504433,00.html> - scroll down for the story "Downloads on the up in Radio Pod"). Podcasting is the method of making available audio files via the Internet and it is being taken up by traditional broadcasters such as the BBC, as well as by individuals who don't have access to the usual radio broadcasting outlets. The success of Apple's i-pod means that lots of us out there have the means of listening to MP3 files at the time and place of our choice - so we don't have to tune in just at the set broadcasting time. The BBC has recently been running a trial, making available some of its programmes via the web for downloading onto computers and i-pods. The Observer reporter quotes Simon Nelson, controller of BBC radio and music interactive, as saying "It's surpassing all

our expectations. The future is extremely bright. This is the way people expect to get radio in the future."

One of the programmes taking part in the experiment is "[In Business](#)" the weekly Radio 4 programme introduced by Peter Day. I particularly recommend that you listen to last week's programme called "[Look, no wires](#)" in which Peter Day investigates the growth of wireless networks and the way it is affecting business -

http://www.bbc.co.uk/radio4/news/inbusiness/inbusiness_20050602.shtml.