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Discover Your Inner Economist: Use Incentives to Fall in Love, Survive Your Next Meeting, and Motivate Your Dentist by Tyler Cowen

Reviewed by Amanda King

Biography: Amanda King, PhD, is assistant professor of economics in Georgia Southern University's College of Business Administration. She teaches introductory and intermediate macroeconomics and money and banking in the School of Economic Development. Dr. King may be reached by email at aking@georgiasouthern.edu.

In many ways this is a book that warms my heart. As an economist, I get tired of being labeled as greedy or only concerned with money. In fact, I am concerned with many other things and have even made decisions for what appear to be “non-economic” reasons. But I must be completely honest—I very nearly followed the advice laid out in chapter 4 of this book on becoming a cultural billionaire. It suggests that in order to get the most out of your reading sometimes it is best to “give up.” Fortunately for me, I had a secondary reason for reading this book: I agreed to review it for this column.

The premise of Tyler Cowen's *Discovering Your Inner Economist* is to understand that, at its roots, economics is not about money or inflation or even recessions, but about decision making and the incentives that move people to action. The author concedes that, in certain circumstances, money is a great motivator, but not if you want to get your daughter to wash the dinner dishes. He explains that when you pay a child to do a chore, it turns a family obligation into a market transaction. Instead of feeling like she is helping the family meet its goals, the child now feels she has the choice of earning money or not. On the other hand, if you want salesmen to sell used cars monetary bonuses work great. The bonuses are based on the price received for the car, so the dealer has every reason to bargain hard but still make the sale.

Not all of the incentives and motivators Cowen considers deal with getting others to behave “correctly.” In order to prompt ourselves to do the things that enrich our lives, we need to understand our inner incentives as well. For example, we must recognize that our time is valuable and scarce. That means that if reading the book seems like drudgery one option is to stop reading. Cowen then goes on to explain that if we understand our true motivations for doing things we can find ways to make the “boring” art gallery more exciting, the book worth reading, or



charitable giving more worthwhile (both for us and the charity). We can also find ways to avoid sins and understand when self-deception is appropriate.

Understanding the why and how of decision making is fascinating, and Cowen uses a variety of examples we can all relate to. Unfortunately the chapters are only loosely held together by the underlying theme of incentives, and I found myself wishing Cowen would get to the point a bit faster. My suggestion for reading this book would be to take Cowen's own advice for getting the most out of a book (found in chapter 4, as mentioned earlier). He begins by telling us that there is always an opportunity cost to our actions, what we give up in order to, in this case, read the book, so you must find ways to make the benefits outweigh the costs. You could "read some middle or end chapters first. They may pique your interest." Another option would be to take pointer 3 and "skip over material and return to it later." I would not suggest option 8 "give up" because the book has value. But I would definitely start in Chapter 4 and skip to the section on creating the correct incentives for yourself. Happy reading!

The Cover Story

Title and author: *Discover You Inner Economist: Use Incentives to Fall in Love, Survive Your Next Meeting, and Motivate Your Dentist* by Tyler Cowen

Number of pages: 221

Area of Business: Economics

Readability: Light

Time needed to read: 6-8 hours

Why should I read this book? This book discusses the basic economic principles of incentives and decision making and gives suggestions on how we can best use these principles to make our lives and the world better.

Overall Rating: 3 bulbs