

Interview Questions for Joe Ganem, author of *The Two Headed Quarter*

Where did the idea come from for a book on deceptive numbers? What's the big deal?

It began when I read the terms and conditions on some of the credit card offers that littered my mail table. Teaser rates such as 2.9%, 1.9%, or 0% for six months that are displayed prominently on the outside of these envelopes sound like a deal you'd be crazy to pass up. But when I read the terms and did the math I discovered that many of these advertised interest rates were misleading, and completely meaningless. By the time you paid all the transaction fees described in the fine print, the total amount of money paid out of your pocket amounted to about same as paying interest on a current balance. The numbers were deceiving, and I got the feeling that this was a very widespread problem.

But don't consumers save money by shopping for low finance rates?

If you want to save money, then pay cash. If you really need to finance a purchase, in most cases you are better off shopping around and paying the lowest price. Then go to your bank to borrow the money. Automobile financing is a good example. Many times you are better off declining a 0% finance offer and taking the rebate because that means you are paying less for the car. Remember, despite the attractive label given to it, a rebate is nothing more than a pre-paid finance charge if it is given in exchange for declining a 0% financing offer. The amount you pay your bank to finance the car might be less than the rebate. You need to find that out before making a decision. That is just one comparison *The Two Headed Quarter* will show you how to do.

Your book covers much more than borrowing money. It discusses deceptive numbers in many different contexts that relate to personal finance. How did you go from credit card offers to the many different topics the book covers?

Numbers are a perfect vehicle for making true but misleading statements. People automatically assume that numerical data is objective: statements that compare numbers have an aura of respectability. But this aura is often false because numbers by themselves are meaningless. Context determines everything and it is very easy to manipulate the context. Consumers aren't stupid. They are being misled by promising-looking deals because they don't understand the context of those numbers. Once they do, it's easy to quickly determine whether a deal is the real deal, or a cleverly disguised rip-off. This book shows them how to do that.

How did you get the material for the book?

Mostly from advertisements and newspaper articles. I quickly realized that deceptive numbers were used to promote a dizzying array of goods and services. Whenever I read a claim based on a number I would do some research of my own and find out the true context for that number. Often I found myself laughing when I realized what was really

going on. Of course the joke is on the consumer. It is not so funny when you realize that these ads are very effective, and they cost consumers untold millions of dollars. I started files of clippings sorted by subject matter—shopping, investing, borrowing, gambling and so on. Each subject became a chapter in the book. I tried to cover the broadest range of real-life purchasing decisions while still going in-depth enough in each area to thoroughly explain both the deceptions and ways to counter them.

You have a great deal of skepticism when it comes to numbers.

In our society numbers are used to avoid responsibility. Rather than rely on good judgment we have become obsessed with promoting measurable outcomes. You see this behavior everywhere: schools teaching to the test, corporations manipulating earnings figures, home appraisers using carefully chosen comparables. I call this the *numerical outcome* principle. Once a *number* is used to judge *outcomes*, people will adjust their behavior to *maximize that particular number*. The *actual* outcome no longer matters. Unfortunately it is often easier to base decisions on some meaningless number than to put in the effort to understand a situation, ask tough questions and use good judgment. I help people understand, ask the right questions, and shop smarter.

The book has an unusual title. How did the title come about?

Each chapter includes an essay that recounts some personal experience or observation of mine that illustrates a main theme in the chapter. One of the themes of the chapter on financial planning is to avoid wishful thinking. At the end of the chapter I recount the discovery of a two-headed quarter in my sister's pocket change. All of us in the room began speculating that it might be a rare and valuable find. Our hopes were dashed when a little research revealed the quarter to be a common magician's prop that was accidentally put into circulation.

I recounted this experience in the chapter on financial planning as a cautionary tale on wishful thinking. Later, I realized that the story of the two-headed quarter had multiple meanings that reflect some of the other major themes in the book. After all, a magician's prop is used to deceive and that *deception works by not revealing the whole story*. A two-headed quarter works in a magic trick by presenting a false choice. It will come up heads no matter how it lands.

So it is with many of the consumer choices we face. The choice of the 0% financing versus rebate that I mentioned earlier is one example of a false choice. If you need to finance a car you will pay roughly the same amount no matter what you choose. No one is going to give you the use of money for free. However, we wish to believe that the money is free just as we wish to believe that a magic trick is real, so these marketing practices are highly effective in getting people to make poor decisions.

What does your book do for people?

This book is informative, useful, and educational. In the first part of the book I expose the techniques that are used to manipulate people with numbers. I hope to touch a nerve with the public by exposing as nonsense many of the numbers presented by advertisers and financial services. The middle part of book is meant to be used by readers to make better purchasing decisions. It has tables, worksheets, and examples. These make up a unique set of tools that will allow consumers to comparison shop for such things as loans, investments, houses and other purchases and fully understand the real cost. The last part of the book is educational. I show how a professional scientist thinks about numbers and makes comparisons. I think the information in the last part will surprise as well as entertain people.

What happened to your sister's two-headed quarter?

She kept it. After I wrote the book and showed her how the story of that evening not only ended up in the book, but became the title, she gave the two-headed quarter to me. I still have it.