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Source: *Journal of Political Economy*, Oct., 1993, Vol. 101, No. 5 (Oct., 1993), pp. 784-792

Published by: The University of Chicago Press

Stable URL: <https://www.jstor.org/stable/2138594>

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A Student's Eye View of George Stigler

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Professor George J. Stigler began teaching me long before I actually saw him, and most of what I learned from him was not learned in the two courses I took from him as a graduate student at the University of Chicago. A few years earlier, as an undergraduate at Harvard, I encountered among my assignments an article on the economic theories of David Ricardo by George Stigler. Its clarity, logic, and incisiveness immediately struck me as something well above and beyond the ordinary. (Many years later, the Nobel Prize committee would reach similar conclusions about his work.)

To fully appreciate what a clear and incisive account of Ricardian economics means, one would first have to read David Ricardo himself. Though a great economist and an admirable human being, Ricardo did not think of himself as a great writer, or even a good writer—nor was there any reason why he should have. Add to this the inherent complexities of his ideas and you have a formula for a book that is heavy going, and which has provoked a large literature of commentaries, most of it no clearer than Ricardo and a lot less insightful. Among the few clear accounts of Ricardian economics, most are clearly wrong. However, Stigler's article cut through the murk like a powerful searchlight.

In choosing Stigler's article on Ricardo as a class assignment, my mentor at Harvard, the late Professor Arthur Smithies, performed one of the most important and least appreciated functions of a teacher—recognizing and assigning work of the highest caliber that the students can handle. To say that Smithies was unimpressive as a classroom performer would be to put it charitably. But if substance is relevant to teaching (and why else do it?), Smithies was an outstanding teacher—many student grimaces and sighs to the contrary notwith-

[*Journal of Political Economy*, 1993, vol. 101, no. 5]

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standing. By assigning Stigler's article, Smithies had a decisive effect on my future career, leading me to specialize in the history of economic thought (and of ideas in general). More immediately, I resolved to do my graduate work under George Stigler. This led to certain misadventures which seem more humorous in retrospect than they did at the time.

Stigler was then a professor at Columbia University, to which I applied to do graduate work in economics, specifying that it was for the express purpose of studying under him. To hedge my bet, I also applied to do graduate work in economics at Harvard, Yale, Berkeley, and the University of Chicago, and to do graduate work in the history of ideas at Brandeis. When the fateful days of decision arrived in April 1958, I received my largest fellowship offer from the University of Chicago—quite generous, and at a time when a few hundred dollars more or less made a great difference in my precarious finances. However, I was determined to study under George Stigler and turned down the Chicago fellowship to go to Columbia.

When I arrived, I discovered that Stigler had just left for the University of Chicago.

The fact that the economics department at Columbia had told me nothing about Stigler's leaving, despite my explicit statement that my purpose in applying was to study under him, gave me my first lesson in academic ethics. There would be many more such lessons over the years.

The only course on the history of economic thought available at Columbia at that time was a far cry from Stigler. In fact, I was advised not to take it because the professor (in the business school) was "not a rigorous thinker." I took the course anyway and the professor lived up to (or down to) his advance billing. All I can recall getting from this course intellectually was an introduction to the writings of Thorstein Veblen. If you are going to be a historian of economic thought, it is probably just as well to be introduced to Veblen—but it's not an acquaintance worth pursuing very far, if your purpose is to learn economics.

My only exposure to the Stigler influence at Columbia was studying his book, *The Theory of Price*, in the introductory graduate theory course. This book is probably the least readable thing Stigler ever wrote. It was not a matter of convoluted writing or confused thought—Stigler was never guilty of either of these common academic sins—but of excessive condensation that required painstakingly slow pondering over every concentrated thought. If the book had been three times as long, it could have been read in half the time. Still, it remained something of a classic, though Stigler himself made many a wry joke about its supposedly meager sales. It was the

kind of book that teachers of price theory courses read themselves, while they assigned some other text to the class. It was a far better book for reminding you of price theory than for introducing you to it.

The next academic year, I was off to Chicago. There was no course by Stigler available in the fall quarter, but I took an advanced price theory course by Milton Friedman. It was like going through boot camp at Parris Island, in the sense that it made everything that came later seem much easier to take. One day, while waiting outside Friedman's office, I noticed another student staring at my exam paper.

"You got a B?" he asked, incredulous.

"Yeah. Is that bad?"

"There were only two B's in the whole class on that exam."

"How many A's?" I asked.

"There were no A's."

Milton Friedman has many great qualities, both as an economist and as a human being. Soft grading is not one of them. Fortunately, I realized before going out into the real world that soft graders are not the people to ask for references.

In the winter quarter, I enrolled for my first course under Stigler. It was "industrial organization"—words that meant nothing to me, though I assumed that it was something that every economist should know about. As a classroom teacher, Stigler was certainly better than Arthur Smithies, but that is a modest standard to apply. There were little gems of wit and wisdom here and there but, by and large, you would have gotten no real measure of the man by simply observing him in the classroom. Academic administrators are often under the illusion that classroom observations would provide valuable information about teaching, and enable it to be given more weight vis-à-vis research, in making tenure and other decisions about faculty members. But if teaching is something more than classroom management and good public speaking, then it cannot be observed because it is what happens *inside the minds* of those present.

Schools of education to the contrary notwithstanding, *content* is paramount. There have probably been many professors of economics who have been just as effective in the classroom teaching nonsense as Stigler was in exposing and demolishing nonsense. Administrators, who cannot possibly be experts in all fields, can observe classrooms until they are blue in the face without being able to see more than the most superficial and inconsequential aspects of good teaching. If thinking that you know something, and being misled, is worse than being ignorant and realizing it, then classroom observations can be a disservice to the students and to the institution, however convenient it may be for administrators needing the reassurance of reports in their files.

Few, if any, areas of economics have as much confusion, circular reasoning, definitional traps, and fervent nonsense as industrial organization. It was the perfect place for Stigler to conduct a Demolition Derby. Nor was he hesitant about the task. Theories like “monopolistic competition” and “countervailing power,” which were treated reverently at Harvard (where they originated), were eviscerated by Stigler. Another concept—one I had wrestled with in vain at Harvard—was “workable competition,” which he didn’t deal with at all in the course. When I asked Stigler after class one day what it meant, he replied, “It means such competition as pleases the economist who is talking.” It is always reassuring to have one’s suspicions confirmed by higher authority. A couple of years later, I wrote the author of this concept (by now at Princeton) to get the other side of the story. His reply was much longer than Stigler’s, but not nearly as clear, and unwittingly was the final confirmation of the meaninglessness of the concept.

When shattering theories with gusto, Stigler seemed utterly uninhibited by the question, “But what would you put in its place?” Nor should he have been. When the emperor has no clothes, you don’t wait until you can design a whole wardrobe before saying so. In academia, saying that the emperor has no clothes can be a full-time occupation. The regularity with which high-sounding nonsense erupts among intellectuals is like that of Old Faithful, with perhaps not as long an interval in between intellectual geysers.

Stigler’s other field of specialization, the history of economic thought, was also one in which nonsense was the norm. In addition to their numerous misinterpretations of the great economists of the past, practitioners in this field were often prone to believe that economic theories were reflections of contemporaneous developments in the economy and society. The notion of an intimate connection between ideas and events was the kind of sweeping mega-theory which shallow minds find irresistible. Stigler, however, denied the contemporaneous effects of events on ideas and of ideas on events. “A war may ravage a continent or destroy a generation,” he said, “without posing new theoretical questions.” Moreover, economists may labor long and hard to talk sense to politicians, without visible effect—possibly because politicians are more interested in political sense than in economic sense. There may not be any free lunch, but many votes can be gained by sending out engraved invitations to them.

The most prominent counter-examples to Stigler’s thesis would be Ricardo and Keynes. However, unless one wishes to treat the 1820s and the 1930s as the only normal decades, with the rest of history consisting of anomalies, even these famous examples do not establish the mega-theory so widely accepted until Stigler demolished it. In-

deed, the whole field of the history of economic thought is more mature and professional than it was before Stigler's "creative destruction," though one risks the *post hoc* fallacy by attributing causation. However, much bigger risks have been taken in economics.

The once widespread assumption that changing theories reflected contemporaneous events was part of a more general school of thought—half economics, half sociology, and all mush—known as "institutional economics." John R. Commons of the University of Wisconsin and his disciples were one sect in this cult and Thorstein Veblen and his disciples were another. Institutionalism was like a meteor that shot across the night sky and then disappeared. When someone asked Stigler about it, he replied: "Institutional economics is dying out at a fantastic rate—though still not fast enough to suit me."

What Stigler really taught, whether the course was industrial organization or the history of economic thought, was intellectual integrity, analytical rigor, respect for evidence—and skepticism toward the fashions and enthusiasms that come and go. He has left no legacy of buzzwords, like those which abound in the writings of John Kenneth Galbraith, for example, where there is much more flash and fluff. There is no "Stigler model" of the economy, no "Stigler's law," no Stigler disciples carrying forth The Word. An intellectual warrior who has inflicted many a wound, some perhaps academically fatal, Stigler seemed not to have his passions stirred by policy issues in the manner of his colleague and friend, Milton Friedman. Stigler was hardly diffident about policy issues—or anything else, including driving an automobile—but even Stigler's controversies on policy issues have really been battles about the intellectual analysis behind these issues.

Despite attempts to pin labels like "conservative" on Chicago economists, Stigler's intellectual output was probably as apolitical as anyone is likely to get when writing in a policy area such as industrial organization. Far from being pro-business, Stigler's view, and the prevailing Chicago view when I was a graduate student, was that corporate mergers between existing giants were sufficiently harmful to the economy to warrant government anti-trust action to prevent them. Chicago economists were more anti-business, in this respect, than economists elsewhere who were much further left on political issues in general. What this really meant was that Chicago economists were essentially non-political, certainly in the partisan sense, and simply ended up with "political" positions derived from their approach to economics.

Eventually, I was able to take the course for which I came to study under Stigler—the history of economic thought. By this time, however, I had done a certain amount of research in small parts of the

subject on my own and had arrived at conclusions which did not always coincide with those of George Stigler. Fortunately, the area in which I felt most confident—Marxian economics—was one not covered in Stigler's course and was apparently one in which he had little interest.

Another economist gave a seminar on Marx, and when Friedman expressed surprise that I had not enrolled in it, my reply was: "I know more about the subject than he does." This was not a flippant remark. I had written a long undergraduate honors thesis on Marxian economics—and from it derived (1) a Master's thesis at Columbia on Marxian business cycle theory, (2) an article on Marxian wage theory published in the *American Economic Review*, and (3) material on Marx's political philosophy that would later appear in the philosophical journal, *Ethics*. It would be wrong to say that I was cocky—but an error not wholly without foundation.

Another subject in which I had taken a keen interest was Say's Law—and here my interpretation of the theories of its early critics put me on a collision course with the interpretation by Stigler. A collision course with Stigler is not the route which the American Automobile Association would map out for you as the most expeditious way to get to a Ph.D. But that problem lay further into the future. Stigler's course on the history of economic thought went very well as a whole, though possibly I questioned him on a few points more so than some other students did, or perhaps more so than he was used to any student doing. He took it good-naturedly, though crossing swords with someone with Stigler's quick wit was never costless.

A much more immediate problem arose for me when the University of Chicago went through one of those economy waves which sporadically interrupt the normal free-spending habits of academic institutions. One of the non-essentials eliminated from the university budget was my fellowship. This made all sorts of other issues moot and led me to take civil service exams and explore the job market in general. But my routine as a graduate student went on as usual.

One day after class, when I came up to the front of the room to debate some point with Stigler, he pulled an envelope out of his pocket and thrust it at me, saying drily: "You might want to take a look at this sometime." It was a letter from the Earhart Foundation—which I had never heard of—informing me that I had been awarded an Earhart Fellowship, at the suggestion of George Stigler! It was more money than any fellowship I had ever received (or heard of) before. It meant that I could continue at Chicago—and could go on to have an academic career.

The following year I pursued my interest in the early nineteenth-century controversies over Say's Law and wrote a paper on it in an-

other course on the history of ideas, this one taught by Friedrich Hayek. The paper received high marks from Hayek and was later published in a British scholarly journal. But none of that cut any ice with Stigler, at least as far as making the subject the basis for a doctoral dissertation. With more than a century's accumulation of writings on Say's Law already burdening the library shelves, he could not see yet another rehash—especially not one whose interpretation he thought was wrong.

By the end of the academic year 1960–61, I was burned out as a graduate student and decided it was time to go away and live like a human being for a while. A couple of years later, I phoned Stigler for advice about a crisis in my career. I was teaching at Howard University in Washington and was learning still more about academic ethics, or the lack thereof. My call to Stigler went like one of those comedy skits where someone rambles on and on in a foreign language, and someone else translates it into two or three words of English. Milton Friedman happened to be in Stigler's office when I phoned, so George passed on quick summaries to Milton, while I ranted on over the telephone, explaining the situation at Howard. Stigler's part went like this: "It's Tom Sowell he's at Howard hates it wants to quit right now." A couple of years earlier, as an economist in the government, I resigned on a Thursday, effective Friday, when I discovered that I had been double-crossed. I was prepared to do a repeat performance during the second week of the academic year at Howard. It took the combined persuasiveness of Stigler and Friedman to convince me that this would ruin my whole academic career. I had to content myself with a four-page (single-spaced) letter of resignation, effective the following June.

My other contacts with Stigler during this period were infrequent, as I was pursuing a dissertation topic in labor economics. At the American Economic Association's annual meetings in December 1964, I discovered a newly published book—a collection of Stigler's journal articles on the history of economic thought. I enjoyed reading them on the plane back from the meetings and then decided, impulsively, to write a review of the book. The first paragraph of this review, which was published the next year in the *American Economic Review*, praised the many virtues of Stigler's writings. However, the second paragraph, which was more critical, began:

Even a work of this general excellence is not without flaws, or at least points on which a reviewer would take issue. In an essay on the Fabians, Professor Stigler claims that Marx had "denied" that utility was "a universal attribute of com-

modities.” On the contrary, Marx affirmed this on the first page of the first chapter of the first volume of *Capital*. One shrinks from imagining what Stigler himself would have said of a scholar who had committed an error of this sort.

This was perhaps not the most politic thing to have said. In fact, it was not terribly politic to have written the review at all. An unknown young man, with no Ph.D., reviewing the top scholar in his field not only looks bad, it deprives the book of a review by another top scholar, whose words would carry more weight. However, this and other *faux pas* of mine had the unintended effect of testing empirically the proposition that Stigler had more patience than he was generally given credit for. He was not amused by this episode, but at least he did not cast me into the outer darkness.

Meanwhile, back at the dissertation, all sorts of problems arose to prevent my getting sufficient usable data on my labor economics topic. By 1966, it was clear to all concerned that this particular dissertation was going nowhere. I abandoned it and—for the first time in 5 years—raised again with Stigler the possibility that I might write a dissertation on Say’s Law, after all. While I was seeking his advice on a dissertation, I was *not* seeking to have him become my dissertation adviser, as we had agreed years earlier that it would be best if he were not my dissertation committee chairman. Not all our discussions of our differences over Say’s Law had been models of congeniality, and a perfectionist might even have considered some of our remarks acerbic. We agreed on only one thing: we each found it incomprehensible how the other could so completely miss the point.

The Say’s Law dissertation was not simply resurrected as it was. I had since done more research, which convinced me that my original interpretation was correct. Despite our differences in interpretation, Stigler not only continued to read and comment on my suggestions for a dissertation but even tried to help me find alternatives to himself as dissertation chairman. He suggested Ronald Coase as an alternative dissertation adviser, and at various times other names like Harry Johnson, Lionel Robbins, and Jacob Viner were bandied about by one or the other of us. Someone—whether Stigler or someone else in the department—suggested that I submit my published articles in lieu of a dissertation. For one reason or another, none of this got off the ground. After much wasted motion, we both finally reached the obvious conclusion—that he was the man under whom this dissertation should be written. It could be done, he said, with “forbearance” on both sides.

Some believe that writing a dissertation is character-building. I don’t know what I am going to do with all the character I built writing

a dissertation under George Stigler. The thin veneer of “forbearance” might have given way but, fortunately, Milton Friedman was also on the committee and kept his head while those about him were losing theirs. He should have gotten the Nobel Prize for Peace if he hadn’t gotten it in economics.

The final stumbling block, however, Stigler and I had to work out between ourselves. One paragraph he flatly refused to allow in the dissertation, or he would refuse to sign it. I agreed to take it out of the dissertation, but said that I would put it back later when the Ph.D. thesis became a book. That was fine with him. When the book was later published and the stricken paragraph restored, I added a long footnote explaining why Stigler’s interpretation was wrong.

It would not be fair—or, more important, true—to leave the impression that the writing of my dissertation was all one long oppression or series of bickerings. Many of Stigler’s criticisms proved to be valuable and his other criticisms caused, at worst, a momentary gnashing of teeth. I meant it when I said on the acknowledgements page of *Say’s Law*:

I am indebted to Professor George J. Stigler of the University of Chicago, whose interest in (including opposition to) many of the ideas developed in this work has led me to redefine and reformulate my concepts over the years.

Isn’t that what a teacher is supposed to do?

Today’s fashionable notions of teacher-student relations present a warmer, almost cuddly, picture. This was not Stigler’s vision.

“When I was a student,” he said, “I never threw my arms around Jacob Viner. He would have killed me if I tried!”

I know of no student who wanted to throw his arms around George Stigler but I am sure the consequences would have been equally dire. I was content to salute him from afar.