

Nobel Laureate

Gary S. Becker: Ideas About Facts

Victor R. Fuchs

In September 1952 *The American Economic Review* published a note on multi-country trade written by an obscure Princeton undergraduate [1].¹ Two months later a paper on monetary theory by the same student and one of his Princeton instructors appeared in *Economica* [2]. Thus was launched the career of one of the most influential social scientists of the second half of the twentieth century, a career that was recognized by the Nobel Prize Committee for Economics in 1992 with its award to Gary S. Becker.

Although the Princeton undergraduate may have been obscure, his talents as an economist were already clearly evident to those who had close contact with him. One of his professors, in recommending him for admission to graduate school, said he was the best student at Princeton in more than a decade. Jacob Viner, a veteran of more than three decades of distinguished scholarship and teaching, wrote “Becker is the best student I have ever had.” It is rumored that this recommendation raised some eyebrows at the University of Chicago, where Viner had been a leading member of the faculty during the period when Milton Friedman and George Stigler were graduate students. An academic diplomat is said to have restored equilibrium by pointing out that Viner probably meant “undergraduate student.”

Milton Friedman was quick to add his own favorable assessment. In 1953, when he nominated Becker for an Earhart Foundation graduate fellowship at Chicago, he wrote, “Becker has a brilliant, analytical mind; great originality;

¹As is conventional for this journal, the references to Becker’s work are to the numbers of the articles appearing in Table 1. All other citations are by the author (date) system to the reference list at the end of the article.

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knowledge of the history of economic thought and respect for its importance; a real feeling for the interrelationships between economic and political issues; and a profound understanding of both the operation of a price system and its importance as a protection of individual liberty" (Milton Friedman, personal communication, 1993).

From the record it appears that one could say of Becker, as was reportedly said of Joseph Schumpeter, "He was never a beginner." If economics was made for Becker, Becker was clearly made for economics. It is easy to imagine many of the other Nobel Prize winners in economics pursuing successful careers in mathematics, physics, philosophy, or even history. Less so for Becker. He never seriously considered any other field, and although his influence on the other social sciences exceeds that of any economist of his generation, it has been achieved through highly focused, unremitting application of basic economic concepts.

Biographical Notes

Becker's seemingly inevitable journey to Stockholm began in Pottsville, Pennsylvania on December 2, 1930. His parents, born in eastern Europe, had little formal education, but they welcomed their son's intellectual development and encouraged his interest in social problems. His father was a self-employed businessman from the age of 16; his mother cared for their home and children. In 1935 the family, including Gary's older sister, older brother, and younger sister, moved to Brooklyn, where Becker attended public schools, graduating from James Madison High School in 1948. Madison, like many other New York City schools, produced numerous outstanding scholars and professionals. Supreme Court Justice Ruth Bader Ginsberg was just a few years behind Becker at Madison; several years earlier, Nobel Prize-winner Robert Solow had graduated from the same school.

The University of Chicago awarded Becker a Ph.D. in 1955 when he completed his dissertation on the economics of discrimination [3]. In this study Becker revealed the skills and methods that he would use to such great advantage in subsequent research. He identified an important social problem that had been neglected by economists, he showed how the application of relatively simple economic concepts could yield significant results, and he pointed the way for extensions and amplifications, both theoretical and empirical. Jacob Mincer, who was probably the first of Becker's contemporaries to recognize his exceptional potential, notes that three cardinal principles were evident from the beginning: 1) theory should have empirical content; 2) theory should not only minimize assumptions but should maximize explanations of facts; and 3) "changes in taste" is the economist's admission of defeat (Jacob Mincer, personal communication, 1993).

Table 1
Work by Gary Becker Cited in this Article

1. "A Note on Multi-Country Trade," *American Economic Review*, September 1952, 42:4, 558–68.
2. "The Classical Monetary Theory: The Outcome of the Discussion" (with W. J. Baumol), *Economica*, November 1952, 19:76, 355–76.
3. *The Economics of Discrimination*. Chicago: University of Chicago Press, 1957 (2nd edition, 1971).
4. *Human Capital*. New York: Columbia University Press, 1964 (2nd edition, 1975; 3rd edition, 1993).
5. *Essays in the Economics of Crime and Punishment* (edited with William M. Landes). New York: Columbia University Press for the National Bureau of Economic Research, 1974.
6. *The Allocation of Time and Goods Over the Life Cycle* (with Gilbert Ghez). New York: Columbia University Press for the National Bureau of Economic Research, 1975.
7. "A Theory of Rational Addiction" (with Kevin M. Murphy), *Journal of Political Economy*, August 1988, 96:4, 675–700.
8. "Rational Addiction and the Effect of Price on Consumption" (with Michael Grossman and Kevin M. Murphy), *AEA Papers and Proceedings*, May 1991, 81:2, 237–41.
9. "An Economic Analysis of Fertility," *Demographic and Economic Change in Developed Countries*, Conference of the Universities-National Bureau Committee for Economic Research, a Report of the National Bureau of Economic Research. Princeton: Princeton University Press, 1960.
10. "On the Interaction Between the Quantity and Quality of Children" (with H. G. Lewis), *Journal of Political Economy*, March/April 1973, 81:2, Part 2, S279–S288.
11. "A Theory of Marriage: Part I," *Journal of Political Economy*, July/August 1973, 81:4, 813–46.
12. "A Theory of Marriage, Part II," *Journal of Political Economy*, March/April 1974, 82:2, Part 2, S11–S26.
13. "An Economic Analysis of Marital Instability" (with E. M. Landes and R. T. Michael), *Journal of Political Economy*, December 1977, 85:6, 1153–89.
14. "Crime and Punishment: An Economic Approach," *Journal of Political Economy*, March/April 1968, 76:2, 169–217.
15. "Human Capital, Effort, and the Sexual Division of Labor," *Journal of Labor Economics*, January 1985, 3:1, Part 2, S33–S58.
16. *A Treatise on the Family*. Cambridge: Harvard University Press, 1981 (expanded edition, 1991).
17. "Milton Friedman." In Shils, Edward, ed., *Remembering the University of Chicago: Teachers, Scientists, and Scholars*. Chicago: University of Chicago Press, 1991, 138–46.
18. *Economic Theory*. New York: A. Knopf, 1971.
19. "Nobel Lecture: The Economic Way of Looking at Behavior," *Journal of Political Economy*, June 1993, 101:3, 385–409.
20. *The Economic Approach to Human Behavior*. Chicago: University of Chicago Press, 1976.
21. "Education and the Distribution of Earnings" (with Barry Chiswick), *American Economic Review*, May 1966, 56:2, 358–69.
22. *Human Capital and the Personal Distribution of Income: An Analytical Approach*. Ann Arbor: University of Michigan Press, 1967.
23. "An Equilibrium Theory of the Distribution of Income and Intergenerational Mobility" (with Nigel Tomes), *Journal of Political Economy*, December 1979, 87:6, 1153–89.
24. "Human Capital and the Rise and Fall of Families" (with Nigel Tomes), *Journal of Labor Economics*, July 1986, 4:3, Part 2, S1–S39.
25. "A Theory of the Allocation of Time," *Economic Journal*, September 1965, 75:299, 493–508.
26. "On the New Theory of Consumer Behavior" (with Robert T. Michael), *The Swedish Journal of Economics*, 1973, 75, 378–96.
27. "Competition and Democracy," *Journal of Law and Economics*, 1958, 1, 105–09.
28. "A Theory of Competition Among Pressure Groups for Political Influence," *Quarterly Journal of Economics*, August 1983, 47:3, 371–400.

Although Becker's dissertation was extraordinary (the Nobel Prize Committee lauded it as a major contribution to economics), his newly minted Ph.D. degree was not a passport to academic heaven. In the absence of any attractive job offers from other economics departments, Becker remained at Chicago until 1957, when he accepted an appointment as an assistant professor at Columbia University. He taught price theory at Columbia and, with Jacob Viner, led a workshop which produced many outstanding labor economists. In 1969 he returned to Chicago where he has taught ever since. That university has provided an hospitable environment with many stimulating and supportive colleagues. George Stigler, in particular, was a valued advisor and collaborator until his death in 1991.

One reason why Becker moved from Chicago to New York was to join the staff of the National Bureau of Economic Research. At that time the NBER staff was small and almost entirely resident in the New York area. Despite his youth, Becker quickly became a major intellectual leader at the Bureau and remained so for more than two decades. Indeed, many would say that he was *the* most significant intellectual force as the Bureau shifted from an emphasis on business cycles and national income to a wider set of economic and social issues. Either directly or indirectly Becker played a large role in the creation of many new Bureau programs, including those in law and economics, education, health, the family, income distribution, and labor economics. Several of Becker's most important contributions concerning human capital [4], crime and punishment [5], and the allocation of time [6] appeared as NBER volumes.²

I joined the Bureau staff in 1962 and soon came to appreciate Becker's unusual qualities. Particularly impressive was his seriousness of purpose, his willingness to take chances, and his persistence in the face of criticism and hostility. To be sure, most economists are serious most of the time. In my experience, however, few are as single-minded as Becker in their determination to understand social phenomena and in their hope that this understanding will be used for social good. For Becker, economics has never been a "game," or an opportunity to demonstrate how clever one is, or a vehicle for scoring points at another scholar's expense. Becker has a fine sense of humor, as those who heard his introduction to George Stigler's Nobel Prize luncheon speech at the AEA Meetings in 1983 can testify. His *Business Week* columns show that he also commands a lively, reader-friendly style that can serve as a model for popular writing on economics. But in scholarly publications, his straightforward, almost solemn prose reflects his intense seriousness of purpose.

Becker's willingness to take chances in his choice of research topics is extraordinary, especially since he could easily have reached the front rank of the profession by pursuing a more conventional agenda. Every academic knows

²Economists with an interest in inflation should note that the hardcover edition of Becker's *Human Capital* [4], distributed by Columbia University Press for the NBER in 1964, was priced at five dollars.

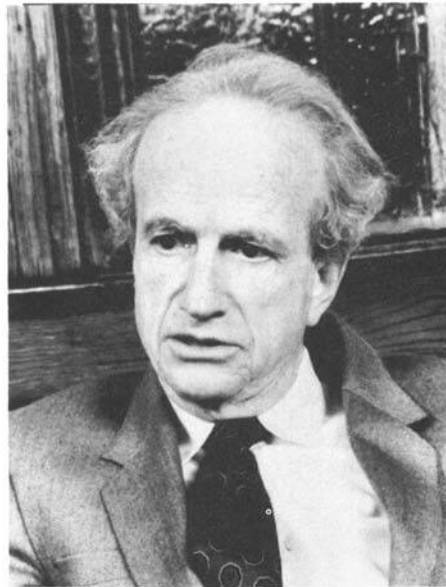
how tempting it is to write about what is “hot.” Early in our careers we learn that it is much easier to publish the second or third paper on the latest fad than to strike out in new, unexplored territory. But that has never been Becker’s way. From his graduate school study of discrimination to his current concerns with addiction and endogenous preferences [7, 8], originality has been the hallmark of his work. Such an approach to research must result in some misses, but over four decades Becker has maintained a high batting average while hitting numerous home runs.

Becker’s willingness, indeed eagerness, to open up new areas has come at a price: skepticism, outrage, and scorn have often greeted his efforts to apply economics to allegedly “noneconomic” subjects. Consider the term “human capital.” The concept, which dates back at least to Adam Smith, was used to great advantage by Friedman and Kuznets (1945), and the term appears explicitly in the titles of papers by Mincer (1958) and T. W. Schultz (1961). Nevertheless, when Becker was preparing his treatise [4] he encountered so many negative reactions that he seriously considered choosing a different title for the book.

Hostility to his claim that economics could help increase understanding of fertility [9, 10], marriage and divorce [11, 12, 13], and crime [14] was even more pronounced. Some criticisms have been constructive, but many have been mean-spirited and often contradictory. His ventures into new fields were dismissed by some as trivial applications of elementary price theory, while others said they were misapplications of the theory. His use of an economic model of decision-making to analyze nonmarket choices has been criticized by some as unrealistic, while other critics concede the realism but fault him for making these choices explicit and thereby encouraging such behavior. His attempts to understand sexual division of labor in market and nonmarket production [15] have led to accusations that he is a defender of patriarchal oppression. This charge is particularly ironic because Becker has probably helped more women earn Ph.D.s in economics than has any other Nobel Prize winner. The jokes and criticisms hurt Becker, but he persisted, and for the most part his vision eventually prevailed.

Becker’s commitment to a lifetime of scholarship has been accompanied by an equally strong involvement with family. His appreciation of his first wife Doria’s encouragement and support is reflected in the dedication of *Human Capital* [4]. After her death in 1971 Becker raised their two daughters as a single parent for many years. In 1979 he married Guity Nashad, a professor of Middle Eastern history. Her contributions to his work and his life are warmly acknowledged in the dedication to *A Treatise on the Family* [16]; their marriage continues to provide mutual intellectual and emotional support.

Despite many opportunities throughout his career, Becker has spent little time in consulting work. He has few hobbies, but he jogs regularly and is a tenacious tennis player, frequently defeating opponents who have more polished strokes. Since 1960 he has summered on Cape Cod, welcoming the



Gary S. Becker

isolation and respite from his regular participation in several intense University of Chicago workshops. In recent years he has spent a portion of each winter at the Hoover Institution at Stanford, California, where he is a Senior Fellow.

For 40 years Becker has been a dedicated, effective teacher. His students write and speak of him with admiration and respect, albeit not with the same awe that surrounds the precious few who have been the premier teachers of the discipline.³ Not surprisingly, Becker's strengths in the classroom have been focus, clarity, and a preference for the concrete over the abstract. Perhaps more surprisingly for those who know Becker only through his writing, his students have always found him to be warm and supportive. One student who took graduate price theory with Becker at Columbia in the late 1950s fondly recalls his "earnest manner and outlandish examples." Because she had minimal undergraduate preparation in economics, she was surprised to receive a grade of A, with the only other A going to an undergraduate. Becker had an easy explanation: "You two had the least to unlearn" (Marina v. N. Whitman, personal communication, 1993).

Becker's text, *Economic Theory* [18], is solid and serviceable for advanced undergraduates and beginning graduate students, but it has not received the attention or acclaim accorded several of his treatises. Generous in his acknowledgement to his teachers and his university colleagues, Becker does not go to great lengths to reference everyone who has ever written on the subjects that

³See, for example, Becker's description of how as a student he "looked forward with excitement" to every lecture by Milton Friedman, and how sad he was when the last lecture was finished [17, p. 143].

he addresses. No classic review or survey article adorns his bibliography. Some years ago when I lamented the proliferation of new journals in economics, he assured me that it was not difficult to keep up with really significant advances in the discipline.

Becker's Contributions

This essay focuses on the “man,” not the “work.” The substance of Becker's research has been the subject of numerous reviews (see especially Rosen, 1993), as well as Becker's own summaries in his Nobel lecture [19] and his introduction to *The Economic Approach to Human Behavior* [20]. I would, however, be remiss if I did not at least remind readers that Becker's influence has been exceptional because it has taken several different forms: an enlargement of our understanding of traditional economic subjects, the opening up of new fields of research, and the transformation of other social sciences.

Within traditional economics Becker's greatest impact has been on labor economics. In the early 1950s, labor economists at most universities focused heavily on the history of the trade union movement, the procedures and the results of collective bargaining, and other descriptive studies of labor institutions. Within a decade, largely as a result of the work of Becker, H. Gregg Lewis, Jacob Mincer, and a few other scholars, research in labor economics became firmly rooted in economic theory, with empirical applications based on modern econometric methods. Traditional questions concerning wage differentials, labor force participation, occupational choice, and job mobility were addressed with new insights, using new data in new ways. As a result, labor economics flourished in the 1960s and 1970s as a major applied field within mainstream economics.

A second traditional field that has been substantially affected by Becker's work is income distribution [21, 22]. Not only has Becker enlarged our understanding of cross-sectional differences in income at a point in time, but he has also tackled the more difficult question of intergenerational income distribution effects [23, 24].

The third traditional field that has been substantially affected by Becker is consumer economics. In his view, households are not simply passive consumers of goods and services purchased in the market, but active producers of non-marketable commodities such as health. These commodities are produced by combining market goods and services and the household members' own time, and is affected by the characteristics of the household members [25, 26].

One indication of Becker's influence is his leadership in number of citations in the leading economics journals. For the period 1971–85, there isn't a close second among scholars of his generation (Medoff, 1989). An even more striking dominance is evident in *Social Economics* (Eatwell, Milgate, and Newman, 1989). This subset of articles from *The New Palgrave: A Dictionary of*

Economics contains 36 articles on social issues ranging from “aging population” to “women’s wages.” Becker is mentioned in no fewer than 16 of the articles, with a total of 31 citations. The next most frequently cited economist (also a Nobel Laureate) is mentioned in six articles with a total of nine citations.⁴

Several new fields of economic research owe a great deal to Becker, not only for the intellectual stimulation provided by his books and articles, but also for personal intervention and support. Consider, for instance, the history of law and economics, now a flourishing area with over 400 members in the American Law and Economics Association. William Landes, one of the first economists to work in this area, circulated a draft of a paper on the courts in 1967 (Landes, 1971). At least one leading economist advised Landes to drop this work and get on with subjects that were of interest to most of the profession. In contrast, Becker encouraged Landes, arguing that the work was of high quality and important and would eventually receive the recognition it deserved. Moreover, Becker saw the advantages of bringing a legal scholar into the research and arranged for Richard Posner to become co-director with Landes of the NBER Program in Law and Economics (William M. Landes, personal communication, 1993). Their collaboration has been one of the most fruitful of any involving an economist and a non-economist.⁵ Posner (1993) provides additional insights about Becker’s contribution to the field.

My experience in launching a health economics program at the National Bureau in the mid-1960s was somewhat similar. The president of the Bureau, Arthur Burns, tried to discourage me, pointing out the advantages of working in a more traditional area. Becker, on the other hand, was always supportive of my work in health economics, and one of his students, Michael Grossman, succeeded me as director of the NBER program. Now, throughout the United States and in other countries, there are research programs in law and economics, health, fertility, and the family; they are all, in part, a tribute to Becker’s influence.

The third arena in which Becker has had great influence is the other social sciences. Sociology in particular has been changed not only by his publications but also through his personal involvement. Since 1983 Becker has held a joint appointment in the Sociology Department at the University of Chicago as part

⁴Readers who are skeptical about the importance of citations might consider a story about Moses from the Babylonian Talmud (Menahot 29b). It seems that Moses was ill at ease and asked God for permission to return to Earth to see how things were going. In an instant he found himself in one of the back rows of a famous academy run by Rabbi Akiba where vigorous discussion was underway among the Rabbi, other scholars, and students. Moses understood the language, but he could not make any sense of their debate about fine points of the Law. He felt even worse than before; as the Talmud says “His strength left him.” But at that point one of the students challenged Rabbi Akiba regarding his authority for a particular statement. In reply, Akiba cited Moses. When Moses heard this, he felt comforted and his strength returned.

⁵Emphasis on the roles played by Becker, Landes, and Posner in the development of law and economics is not intended to deny the significant contributions of Calabresi, Coase, Director, Manne, and other scholars.

of his University Professorship. Becker's contribution (or, as some sociologists would have it, his sin) has been to bring theory to a discipline that has been lost in an atheoretical wilderness for decades (Coleman, forthcoming). Through application of the theory of rational choice to such traditional sociological subjects as discrimination, crime, and the family, Becker has forced sociologists to reexamine their standard views, and in some areas such as fertility research, his approach is becoming dominant.

Becker's efforts to make economic theory the central paradigm of all social science has had an impact on political science [27, 28] as well as sociology, albeit major credit (or blame) must be assigned to Downs, Arrow, Buchanan and Tullock, and Becker's Chicago colleagues Stigler and Peltzman. Two other disciplines that have been influenced by Becker are demography and anthropology, the former to a greater extent than the latter.

Does Becker overstate the case for rational choice? Probably so. He concedes that his work "may have sometimes assumed too much rationality" [19]. But he sees his writing, in part, as an offset to a vast literature in the social and behavioral sciences that "does not credit people with enough rationality" [19].

Unlike Marc Antony, I have come to praise, not to bury. But candor requires at least a brief look at the other side. It must be acknowledged that some theorists do not think highly of Becker's models. They regard them much as an avant-garde poet would look upon a book by Dr. Seuss. In an era when "mathematics makes the man (or woman)," Becker's theorems and proofs (usually relegated to appendices) would not challenge a graduate student. In econometrics, Becker is not known for any new test or methodological innovation, or for any particularly ingenious use of existing methods. Becker believes strongly in the importance of empirical work, but he has not personally been responsible for the development of new data sets or for the exhaustive mining of those that are available. Finally, it must be noted that Becker has not played any significant role in the policy arena, either as an advisor to political candidates or in a position in government.

What, then, explains Becker's success and his influence? They rest entirely on the importance of his *ideas*. Original ideas, tenaciously held and vigorously explicated, have ultimately proved to be irresistible. Not any ideas, of course, but those that accurately capture important aspects of human behavior. Becker's ideas are the kind that Alfred North Whitehead had in mind when he was asked, "Which are more important, facts or ideas?" The philosopher reflected for a while, then said: "*Ideas about facts*" (Price, 1954; italics in original).

■ *Helpful comments from Jacob Mincer on a preliminary draft are gratefully acknowledged.*

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