Beck’s Flex
Which Way to the Beach?
Gary Becker—The Isaac Newton of Economics?
On Isaac Newton

[Newton’s] peculiar gift was the power of holding continuously in his mind a purely mental problem until he had seen straight through it. I fancy his preeminence is due to his muscles of intuition being the strongest and most enduring with which a man has ever been gifted.
On Isaac Newton

...but it was his intuition which was pre-eminently extraordinary—ˈso happy in his conjectures,ˈ said de Morgan, ˈas to seem to know more than he could possibly have any means of proving.ˈ The proofs for what they are worth, were, as I have said, dressed up afterwards—they were not the instrument of discovery.
On Isaac Newton

*His experiments were always, I suspect, a means, not of discovery, but always of verifying what he knew already.*

—Keynes (Essays in Biography, 1963, pp. 312–313)
# Developments in Economics 1950-1990

<table>
<thead>
<tr>
<th>Year</th>
<th>Economics of Discrimination</th>
<th>Human Capital</th>
<th>Family Economics</th>
<th>Addiction-Family models</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>Babies as Consumer Durables</td>
<td>Irrational behavior</td>
<td>Law and Economics</td>
<td>Dynamic Fertility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Time use &amp; Household Productivity</td>
<td>Incentive models</td>
<td>Growth and Spillovers</td>
</tr>
<tr>
<td>1960</td>
<td></td>
<td>Crime</td>
<td>Economic Analysis of Tastes</td>
<td>Auction models; Incentive compatibility; Contract theory</td>
</tr>
</tbody>
</table>

## Developments in Economic Theory

- First round of game theory; decision theory; uncertainty; operations research
- General equilibrium
- Optimal growth

## Developments in Econometrics

- Simultaneous equation models; computers enter; macro econometrics (Keynesian)
- Refinement of multiple regression measurement error (Theil, Zellner, Goldberger)
- Microeconometrics (Discrete Choice; Selection Bias; Accounting for individual; heterogeneity)

## Developments in Data Analysis

- Computation; national accounts
- Panel surveys
- Development of large scale macro models
- Experiments (Lab and Field)

## Policy Issues

- War on Poverty (Discrimination, schooling, inequality)
- Coleman Report (Importance of Family)
- Crime and Urban Riots (Koerner Commission)
- Growth of Welfare and Single Headed Families (Moynihan Report)
“For many years economists have taken variations in rates of population growth, and in family size, as data which help to explain various economic phenomena but which cannot themselves be explained in terms of economic theory. Becker has done us a real service in bringing economic analysis to bear on the problem once more.”

James Duesenberry on Becker’s Work on Fertility
“Questions of semantics aside, there is an important substantive difference between Becker’s approach and that taken by economists whose approach is, if he will excuse the expression, more sociological.”

“I used to tell my students that the difference between economics and sociology is very simple. Economics is all about how people make choices. Sociology is all about why they don’t have any choices to make.”
“...I submit that a sociologist would take the view that given the educational level, occupation, region, and a few other factors, most couples would consider that they have a very narrow range of choice. To take only one example, I suggest that there is no one in the room, not even Becker, who considers himself free to choose either two children who go to university or four children who stop their education after high school...”

James Duesenberry on Becker’s Work on Fertility
“...It may be said that that still leaves lots of room for variation, but I think it can be said that no one in this room considers seriously having, say, four children who attend third-rate colleges at low cost per head or three who attend better ones.”

James Duesenberry on Becker’s Work on Fertility
“...But in many respects the standard of living of the children is mechanically linked to that of the parents. Is it possible to have crowded housing conditions for the children and uncrowded conditions for the parents? ...Becker has used the term quality as though it were just another expression for expenditure at constant prices... But even if one had nothing else to do, the marginal disutility of Cub Scout and PTA meetings rises rapidly. These non-cash costs must certainly be of some importance in determining family size.”

James Duesenberry on Becker’s Work on Fertility
“The time which parents spend on children is largely determined by social conventions.”

James Duesenberry on Becker’s Work on Fertility
<table>
<thead>
<tr>
<th>Big Five Personality Factor</th>
<th>American Psychology Association Dictionary description</th>
<th>Facets (and correlated trait adjective)</th>
<th>Related Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conscientiousness</td>
<td>“the tendency to be organized, responsible, and hardworking”</td>
<td>Competence (efficient) Order (organized) Dutifulness (not careless) Achievement striving (ambitious) Self-discipline (not lazy) Deliberation (not impulsive)</td>
<td>Grit Perseverance Delay of gratification Impulse control Achievement striving Ambition Work ethic</td>
</tr>
<tr>
<td>Openness to Experience</td>
<td>“the tendency to be open to new aesthetic, cultural, or intellectual experiences”</td>
<td>Fantasy (imaginative) Aesthetic (artistic) Feelings (excitable) Actions (wide interests) Ideas (curious) Values (unconventional)</td>
<td>—</td>
</tr>
</tbody>
</table>
# The Big Five Personality Domains and Their Facets

<table>
<thead>
<tr>
<th>Big Five Personality Factor</th>
<th>American Psychology Association Dictionary Description</th>
<th>Facets (and correlated trait adjective)</th>
<th>Related Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraversion</td>
<td>“an orientation of one’s interests and energies toward the outer world of people and things rather than the inner world of subjective experience; characterized by positive affect and sociability”</td>
<td>Gregariousness (sociable) Assertiveness (self-confident) Activity (energetic) Excitement seeking (adventurous) Positive emotions (enthusiastic)</td>
<td>—</td>
</tr>
<tr>
<td>Agreeableness</td>
<td>“the tendency to act in a cooperative, unselfish manner”</td>
<td>Trust (forgiving) Straight-forwardness (not demanding) Altruism (warm) Compliance (not stubborn) Modesty (not show-off) Tender-mindedness (sympathetic)</td>
<td>Empathy Perspective taking Cooperation Competitiveness</td>
</tr>
</tbody>
</table>
# The Big Five Personality Domains and Their Facets

<table>
<thead>
<tr>
<th>Big Five Personality Factor</th>
<th>American Psychology Association Dictionary Description</th>
<th>Facets (and correlated trait adjective)</th>
<th>Related Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neuroticism/Emotional Stability</td>
<td>Emotional stability is “predictability and consistency in emotional reactions, with absence of rapid mood changes.” Neuroticism is “a chronic level of emotional instability and proneness to psychological distress.”</td>
<td>Anxiety (worrying) Hostility (irritable) Depression (not contented) Self-consciousness (shy) Impulsiveness (moody) Vulnerability to stress (not self-confident)</td>
<td>Internal vs. External Locus of control Core self-evaluation Self-esteem Self-efficacy Optimism Axis I psychopathologies (mental disorders) including depression and anxiety disorders</td>
</tr>
</tbody>
</table>
An Intellectual Biography: The Role of Brilliance, Persistence, and Creativity
Becker as a Child
James Madison High School
Lifetime Antagonist and Fellow Madison Alum,
Robert Solow
Becker at Princeton
Talcott Parsons
Becker graduating from Princeton in 1951

“Becker is the best student I ever had.”

Jacob Viner
COWLES COMMISSION
<table>
<thead>
<tr>
<th>Role</th>
<th>Name(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Alfred Cowles 3rd</td>
</tr>
<tr>
<td>Executive Director</td>
<td>Rosson L. Cardwell</td>
</tr>
<tr>
<td>Research Director</td>
<td>Tjalling C. Koopmans</td>
</tr>
<tr>
<td>Guests</td>
<td>Fritz Christian Holte, Thomas Peter Hill, Eva Boessmann, David A. Clarke, Michio Morishima, Wieslaw Sadowski</td>
</tr>
</tbody>
</table>
“...[W]hen you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind...”

– (Kelvin, 1883)

Motto of the Cowles Commission: Science and Measurement
Later became: Theory and Measurement
SELECTIONS FROM THE COWLES ROSTER
Tjalling Koopmans
Jacob Marschak
Leonid Hurwicz
T. W. Anderson
The Department
H. Gregg Lewis
Arnold Harberger
Fellow Students and RAs
Roy Radner
Law School
Edward Levi
Committee on Social Thought and Interdisciplinarity
“Measurement is the making of distinctions, and the finer the distinctions, the finer the measurement.”

Enrico Fermi
“Gary Becker is a young man who received his A.B. from Princeton. He was recommended to us by his Princeton teachers for a departmental fellowship in terms that we found hard to take seriously – the best person that we have had in the last ten years; the best student that I have ever had, and the like…”

Milton Friedman
“...After observing him closely for the past year and a half, I am inclined to use similar superlatives: there is no other student that I have known in my six years at Chicago who seems to me as good as Becker or as likely to become an important and outstanding economist.

Milton Friedman
Becker has a brilliant, analytical mind; great originality; 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
Thesis Committee for *Economics of Discrimination*. H.G. Lewis Chair, J. Marschak, D. Gale Johnson and William Bradbury (sociologist)
Becker as a Graduate Student at Chicago
Albert Rees
Seymour Harris
“Gary Becker is as good as they come at that age. He has unusual analytical power and he has learned how to use it. He is so much better than most graduate students and the run of Ph.D’s that one has to compare him with men like Kenneth Arrow. With the evidence we now have, he is in Arrow’s class in analytical power, his command of tools, both economic theory and statistical inference, and in his sense of relevance. Moreover, he has a taste and a desire to do empirical work.”

T. W. Schultz
“Again let me say, to the extent that I have insights on what is involved in distinguished work in economics, Gary Becker has all of the earmarks of coming through.”
“It is hard to write to you about Mr. Becker without sounding overenthusiastic. He is an exceedingly intelligent and imaginative young man and certainly, I think, will become really outstanding in the economics profession. He is honest in all matters, has the highest character, and I am confident, is exceedingly trustworthy. I recommend him to you without any reservations.”

H. Gregg Lewis
Becker at Columbia
Partnership with Mincer at Columbia
Colleague, William Vickery
Colleague, Kelvin Lancaster
Students
Barry Chiswick
Arleen Smigel Leibowitz
Reuben Gronau
Michael Grossman
Gilbert Ghez
Haim Ofek
Lisa Landes
Becker, Fuchs, and Mincer
Tom Juster
NBER NY 1960’S–EARLY 1970’S
Sherwin Rosen
James Smith
Moved Back to Chicago
(visitor in 1969 and Permanent Faculty Since 1970: 47 Years at Chicago)
Becker on Leave at Chicago
Friedman
George Schultz
Fogel with Harberger and Friedman
Harberger as Triangle Man
H. Gregg Lewis
Eugene Fama
Robert Mundell
T. W. Schultz
Lester Telser
Robert Lucas
More Junior Faculty
Myron Scholes
Robert Barro
Robert Gordon
James Heckman
Ed Lazear
Kenneth Wolpin
Buzz Brock
Jacob Frenkel
David Galenson
Rob Townsend
Nancy Stokey
CHECK THAT EGO AT THE DOOR!
Becker and Mincer
Ronald Coase and Richard Posner
Becker and Sam Peltzman
LEGENDARY WORKSHOPS
“He started his workshop with D.H. Robertson’s question: ‘what is it that economists economize?’ The answer: ‘love, the scarcest and most precious of all resources’ (1956).”
Human Capital Lecture
Early Becker Workshop
The Chicago School of Economics
Friedman, Stigler, Director
At First Mt. Pelerin Society Meeting
Jack Hirshleifer
James Laughlin
Henry Schultz
Lewis
Tjalling Koopmans
Friedman
Richard Epstein
Becker and Posner at Rational Choice Workshop
Opposition:

Passing the Price Theory Torch
Becker and Murphy at Blackboard
“It [economics] is judged ultimately by how well it helps us understand the world, and how well we can help improve it.”

-Gary Becker