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The Upshot
AN APPRAISAL

How Gary Becker Transformed the Social Sciences

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Gary Becker was the most important social scientist in the past 50 years and possibly longer, in my view. He was my intellectual hero, and I want to explain why.

To Gary, who died on Saturday, economics was not a field of inquiry, but rather a method of analysis. He saw the power of the economic method to illuminate issues well beyond the pecuniary domain. Along the way, he transformed our understanding of discrimination, education, labor markets, crime, the family, social interactions and the law.

Before Professor Becker, these topics were considered noneconomic. Today, they're central. Whether they are aware of it or not, whenever policy makers debate these issues today, they do so in the shadow of an analytic framework that he developed. Grandiose as it may sound, no economist since Marx has had such a profound impact across the social sciences, transforming not just economics, but also sociology, political science, criminology, demography and legal scholarship.

The heart of the Beckerian approach is that people make decisions with purpose. His approach grants agency to everyone from the love-struck teen to the potential addict who is trying to decide whether to shoot up for the first time. In his telling, they're considering the likely consequences of their actions, and so they're responsive to incentives.

This is a controversial view, to be sure. To the Chicago School he was their next general, the intellectual heir to Milton Friedman and George Stigler. He shared their expansive view of economics and charged through disciplinary boundaries. He had the audacity to suggest that virtually every aspect of human behavior was amenable to economic analysis. And in his version of events, behaviors once considered "uneconomic" — the pathology of crime, or the romance of love — reflect the calculus of costs and benefits.

To his critics, the idea that such decisions reflected rational choice was, on its face, absurd. In their caricature, Professor Becker's world was populated by a hyper-rational economic man, obsessed with maximizing his wealth. By this view, rational choice economics brings mathematical formalism, but little insight. This caricature is shallow, and misses the deeper point.

Professor Becker's Nobel Lecture was his sharpest defense against these charges, and he recounted how he "tried to pry economists away from narrow assumptions about self-interest." Instead, he said, "behavior is driven by a much richer set of values and preferences." Purposeful decision making doesn't mean that behavior is driven by financial concerns, but rather, in his view, "individuals maximize welfare, as they conceive it, whether they be selfish, altruistic, loyal, spiteful or masochistic."

While I suspect that he would deny the charge, he was in many respects the first behavioral economist, and in that same Nobel lecture, he argued that "actions are constrained by income, time, imperfect memory and calculating capacities, and other limited resources."

A common political refrain about Becker is that his approach simply gives the veneer of science to laissez-faire views. And indeed, this approach can lead to some unexpected conclusions. In his research on addiction, for instance, he viewed addicts as making forward-looking decisions, deciding that today's temporary high is worth tomorrow's need for another hit. If addiction reflects such a rational weighing of costs and benefits, then antidrug laws do more harm than good.

It's not that I think that this is the right way to think about addiction, but it really makes you think: What is it about addiction that leads me to a different conclusion? By answering the Becker challenge, I'm forced to lay out an alternative theory, to confront that alternative theory with data, and importantly, to formulate a very specific set of policy suggestions.

Professor Becker's influence will surely live on through the generations of graduate students he nurtured, many of whom are among the leading lights in the profession today. And it will live on in the public debate, which he shaped not only through scholarship but also through a monthly column he wrote for Business Week, before moving across to the influential blog he wrote with Judge Richard Posner.

As a scholar, Professor Becker was fearless, brilliant and intellectually honest. He saw value in economic theory, but kept it in close communication with the data. He was motivated by the belief that economics, taken seriously, could improve the human condition. He founded so many new fields of inquiry that the Nobel committee was forced to veer from the policy of awarding the prize for a specific piece of work, lauding him instead for "having extended the domain of microeconomic analysis to a wide range of human behavior and interaction, including nonmarket behavior."

He may have been the most creative economist in the history of our field. Today we mourn for him. Tomorrow, we get back to work. Gary wouldn't have had it any other way.

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