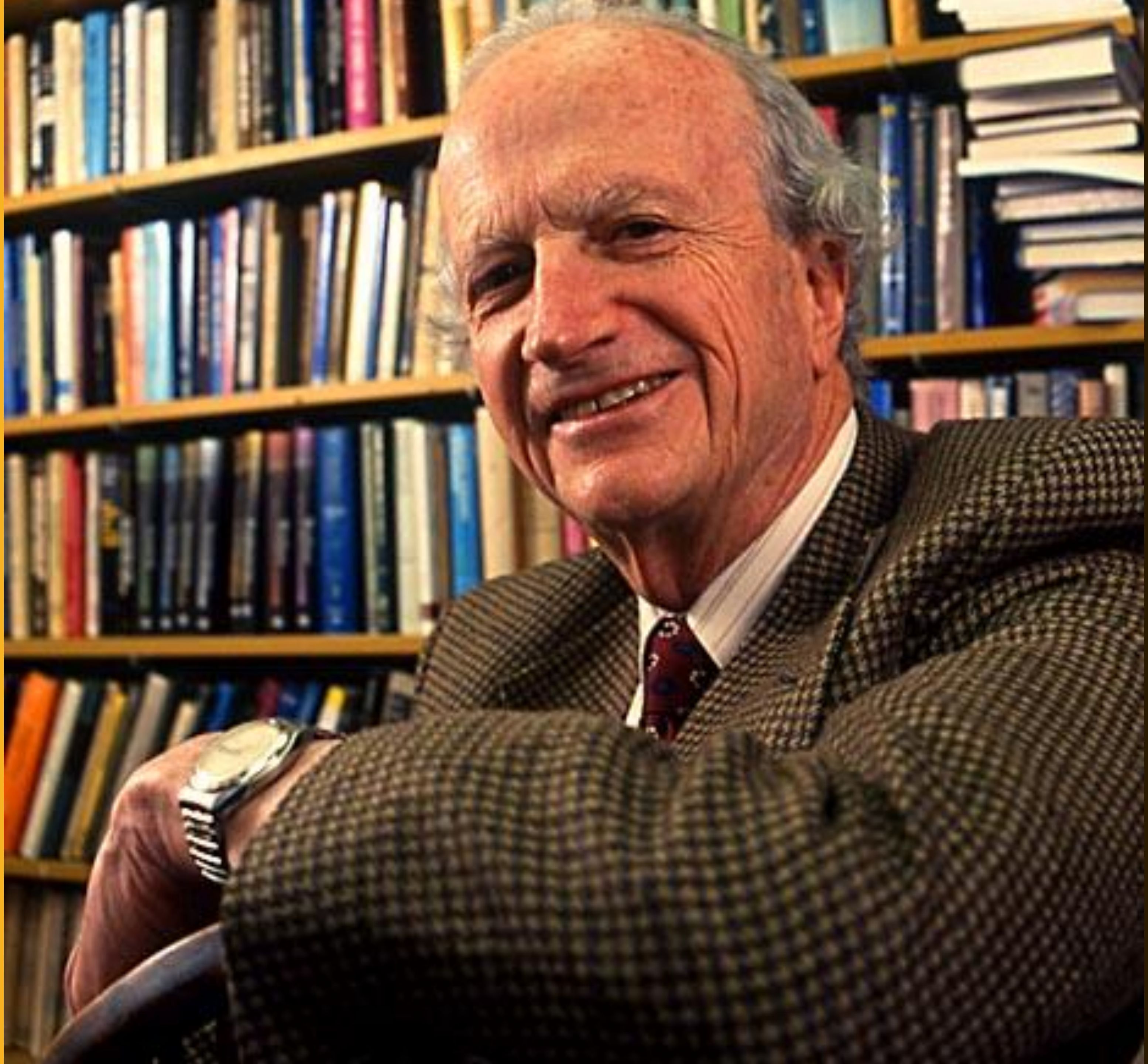
# GARY BECKER

The man who merged sociology and economics, showing how sociological factors influence economic behavior, while also laying particular stress on human capital

**MADE BY ANNA ZUZINA**
**110-БЭ-АР**

# SO WHO IS GARY BECKER?

WHAT HAS HE ACHIEVED IN LIFE TO BECAME THE MAN WHO PUT THE HUMAN INTO ECONOMICS?



> Born in Pottsville, Pennsylvania, U.S to a Jewish family

> Studied at Princeton University and at the University of Chicago – B.A. and Ph.D.

> Was a professor of economics and sociology at the University of Chicago

> Was credited with the "rotten kid theorem"

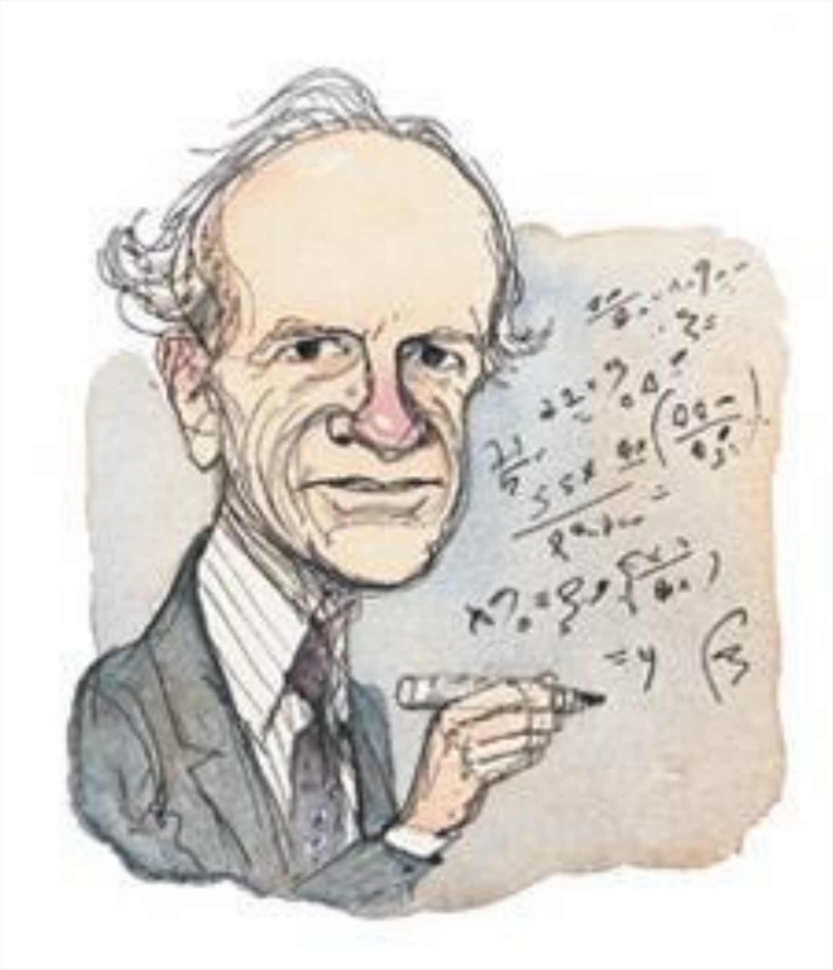
> Described as "the most important social scientist in the past 50 years" by the New York Times

> He died on May 3 2014, when he was 83 years old

## GARY BECKER

# A MAN OF NUMEROUS IDEAS, GARY BECKER

- WORKING CAREER AND TEACHING
- DISCRIMINATION
- HUMAN CAPITAL
- CRIME AND PUNISHMENT
- FAMILY STRUCTURE
- QUOTES
- AWARDS



# BECKER SUPERVISED MANY PH.D. STUDENTS, INCLUDING TWO WHO BECAME DIRECTORS OF THE CONGRESSIONAL BUDGET OFFICE, REPUBLICAN JUNE O'NEILL AND DEMOCRAT ROBERT


## DISCRIMINATION IS THE UNJUST OR PREJUDICIAL TREATMENT OF DIFFERENT CATEGORIES OF PEOPLE, ESPECIALLY ON THE GROUNDS OF RACE, AGE, OR SEX

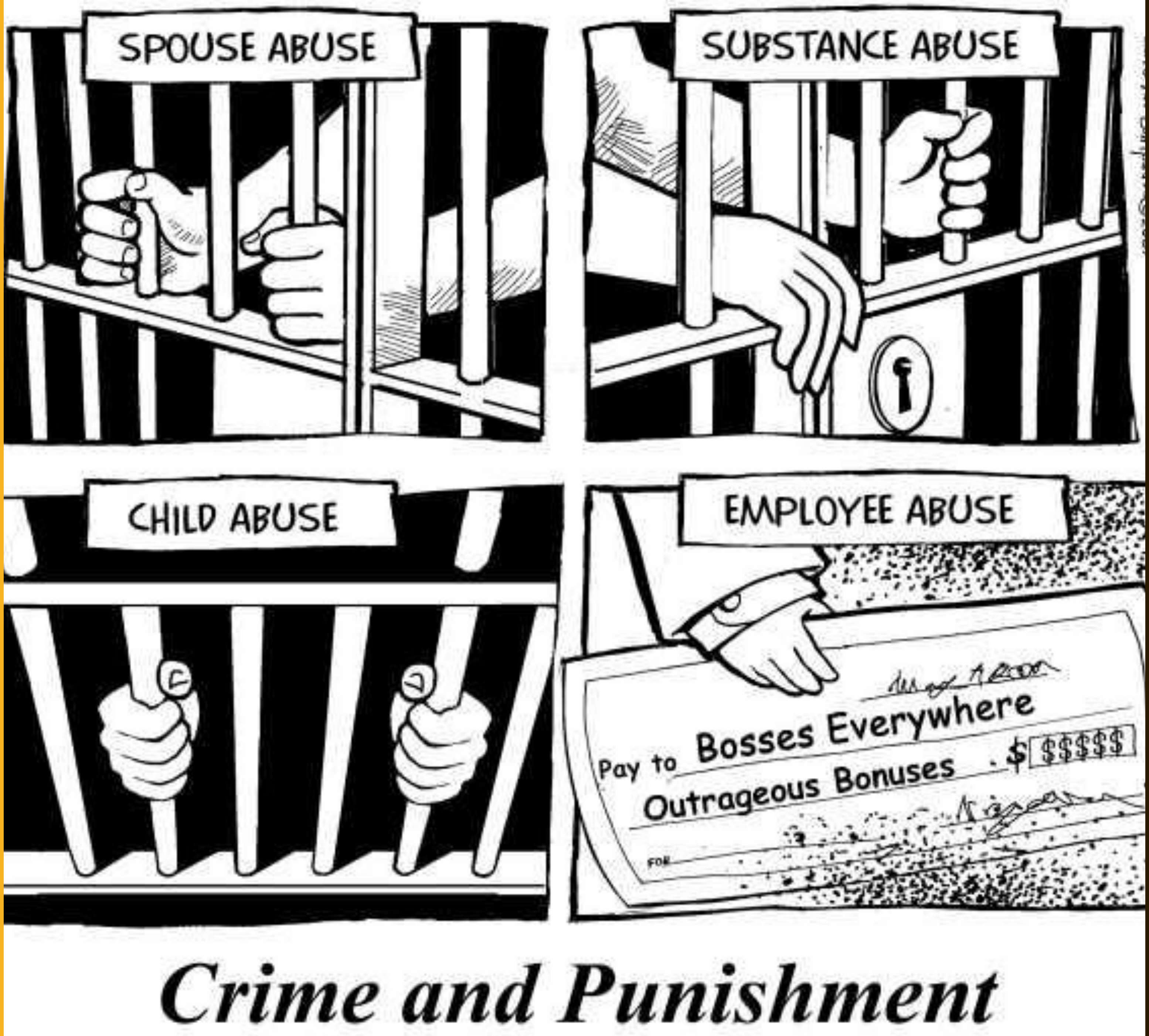
Before Becker, the standard economic view was that only those who were the victims of discrimination were the losers. Becker, in a book that was based on his University of Chicago PhD dissertation, showed that discrimination also reduces the incomes of the perpetrators because they lose out on the purchase of goods and services. People with a taste for discrimination, either through prejudice or ignorance, will lose.

With free market entry, discriminating employers will go out of business, or find that their profits are reduced. Non-discriminating firms would be able to benefit from arbitrage as workers' values are determined by their marginal production. If employers discriminated on the basis of gender, race, religion, or sexual orientation, when doing so had no effect on job performance, employers would be effectively fining themselves for their prejudices.

**HUMAN CAPITAL IS THE STOCK OF KNOWLEDGE, HABITS, SOCIAL AND PERSONALITY ATTRIBUTES, INCLUDING CREATIVITY, EMBODIED IN THE ABILITY TO PERFORM LABOR SO AS TO PRODUCE ECONOMIC VALUE.**

Before Becker, the concept of education as an investment in human capital was practically unknown. Capital was a bank account, or equity, or an assembly line. Education was regarded simply as learning from school or college, not an investment that created a stream of returns. The term "human capital" was controversial because it equated people with machines. Becker's book, Human Capital, was published in three editions, and examined the rates of return on schooling for different groups, and incentives to invest in different types of education.

To give but one example, women's investments in education were caused by the cultural changes that enabled them to move into the workforce in the 1980s. In 1994, Becker wrote, "The enormous increase in the participation of married women is the most important labor market change of the past twenty-five years. Many women now take little time off from their jobs even to have children. As a result, the value to women of market skills has increased enormously, and they are shunning traditional 'women's fields' to enter accounting, law, medicine, engineering, and other subjects that pay well."




## CRIME AND PUNISHMENT

Before Becker, discussions of crime centered on possible mental illness and sociological behavior of criminals. Few considered that criminals might be rational. In a series of papers published from the late 1960s to 1990s, Becker showed that the amount of crime is determined by a number of factors influencing the costs and benefits of breaking the law. Criminals look at the likelihood of getting caught, the return from the crime, and the cost of law-abiding alternatives, such as getting a paying job.

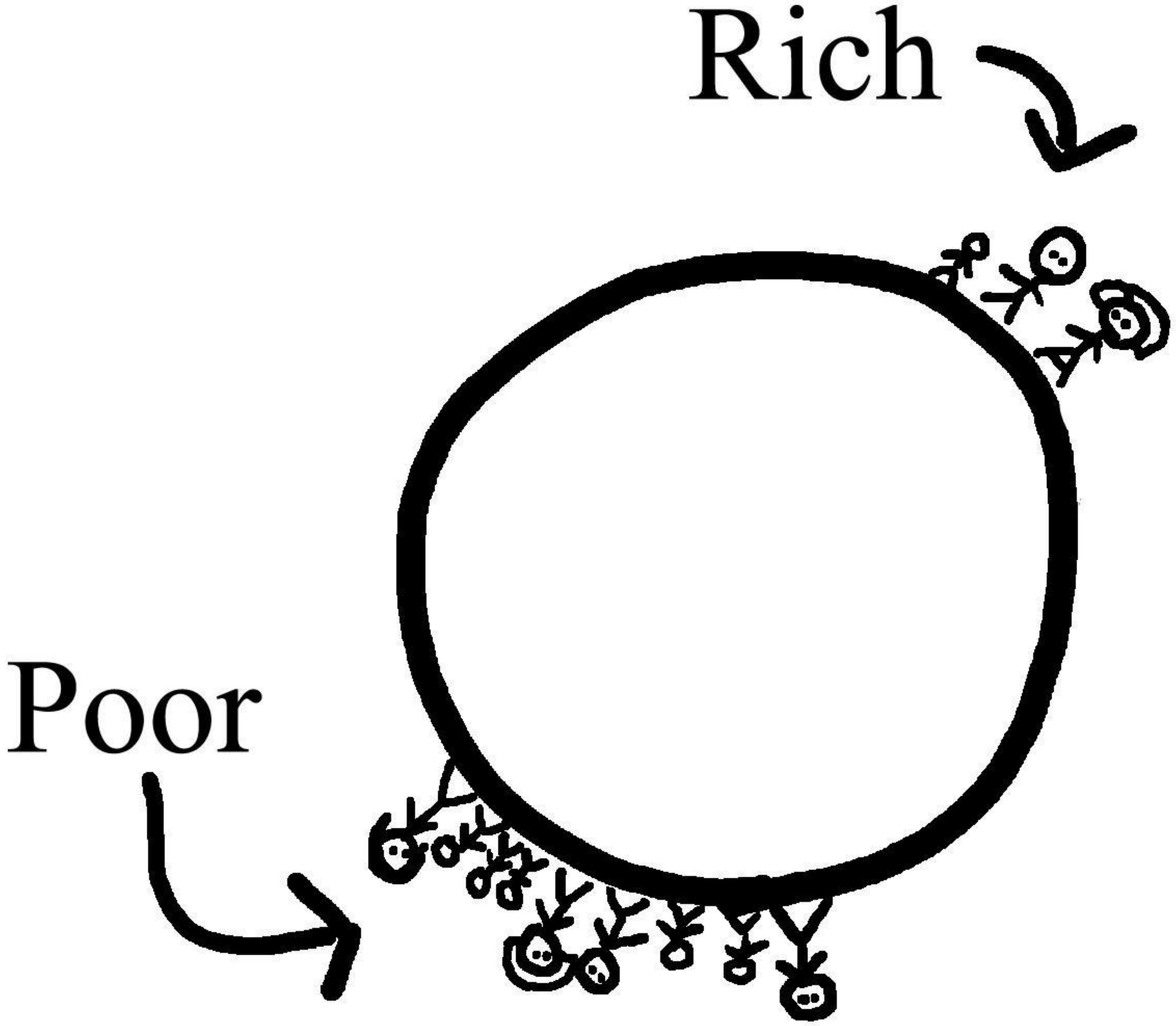
Social policy can change these variables. It sounds obvious now that making it more likely that criminals will be caught, or making it easier for criminals to find legal jobs, can reduce crime, but no one had analyzed the variables in an economic framework before. This helped Harvard University professor James Q. Wilson to develop his "broken windows" theory, which suggested that aggressive policing would reduce crime.

# FAMILY STRUCTURE

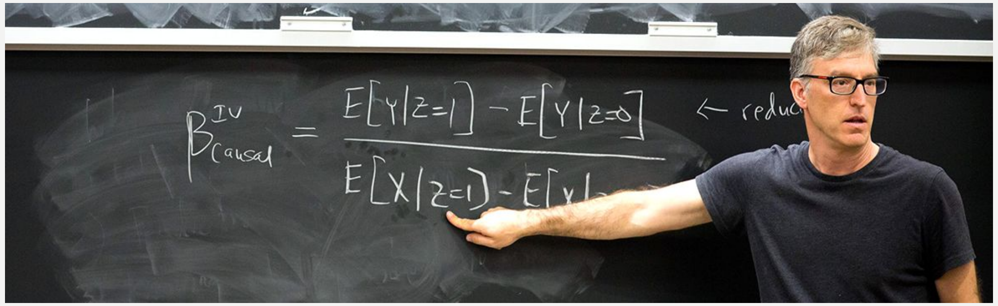
In his lecture on receiving the Nobel Prize, Becker said that his six years spent writing A Treatise on the Family were the most difficult effort he had ever undertaken. The book, published in 1981, looked at the costs and benefits of love and marriage and the decision to have children. This cost-benefit analysis produced results that were often controversial and counter-intuitive, yet appear to be born out in people's behavior.

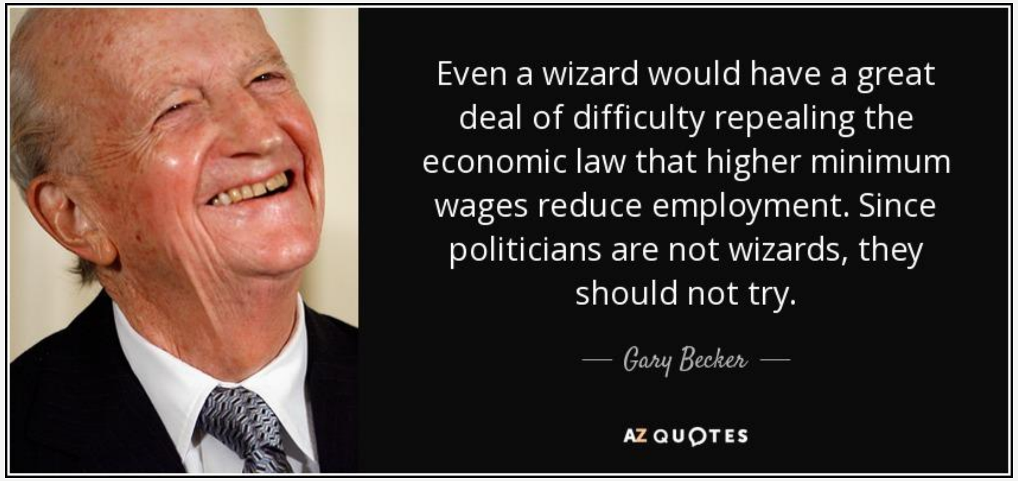
Important for modern demographics, Becker showed that the richer a society, the lower would be its birth rate. As the value of time rises, people have fewer children, because it becomes more expensive to care for them. The need for investing in skills in a richer society is another factor driving up costs of childbearing.

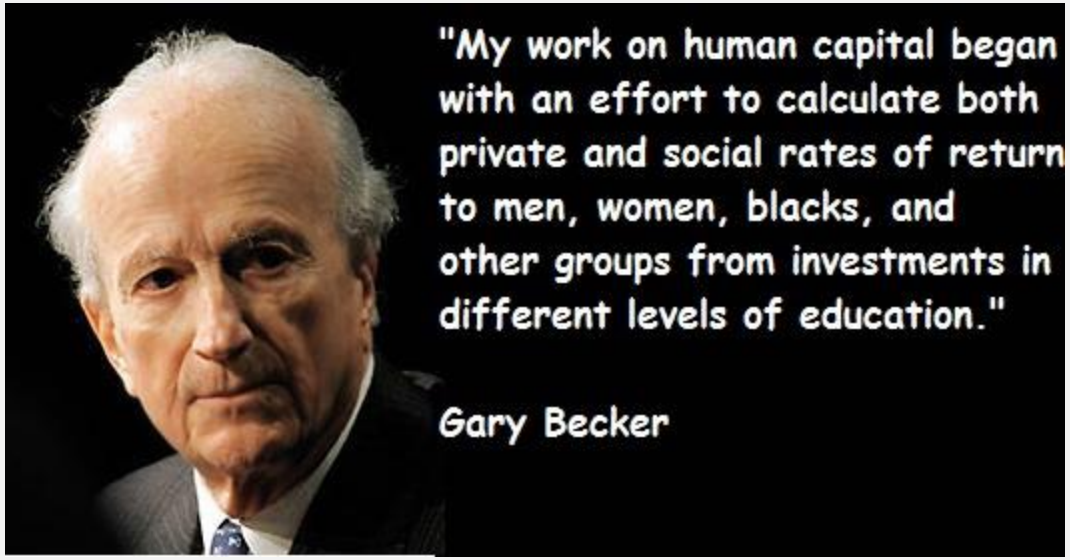
Sure enough, increasing income of different countries is one of the greatest predictors of fertility. As countries get richer, the birthrate declines. For example, Poland had a fertility rate of 3 births per woman in 1960, back when its GDP per capita was only $1,700 in 2012 dollars. Now the country has a GDP per capita of $12,700, and a fertility rate of 1.3 births per woman. Similarly, South Africa's GDP per capita has increased nearly 1,800 percent since 1960, and its fertility rate has fallen over 60 percent during that same time period.

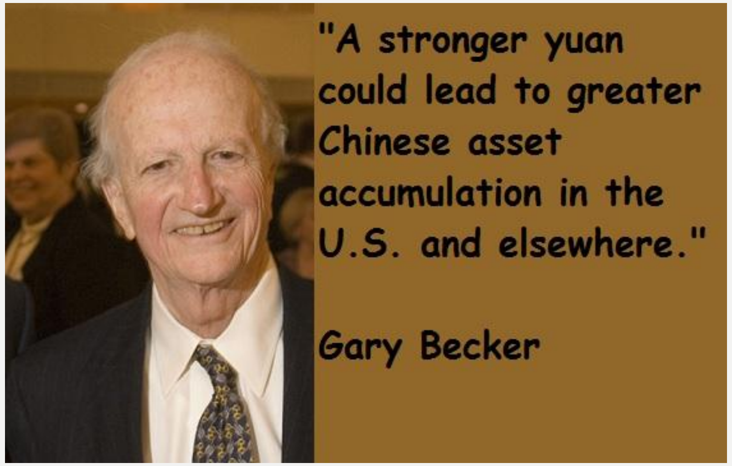


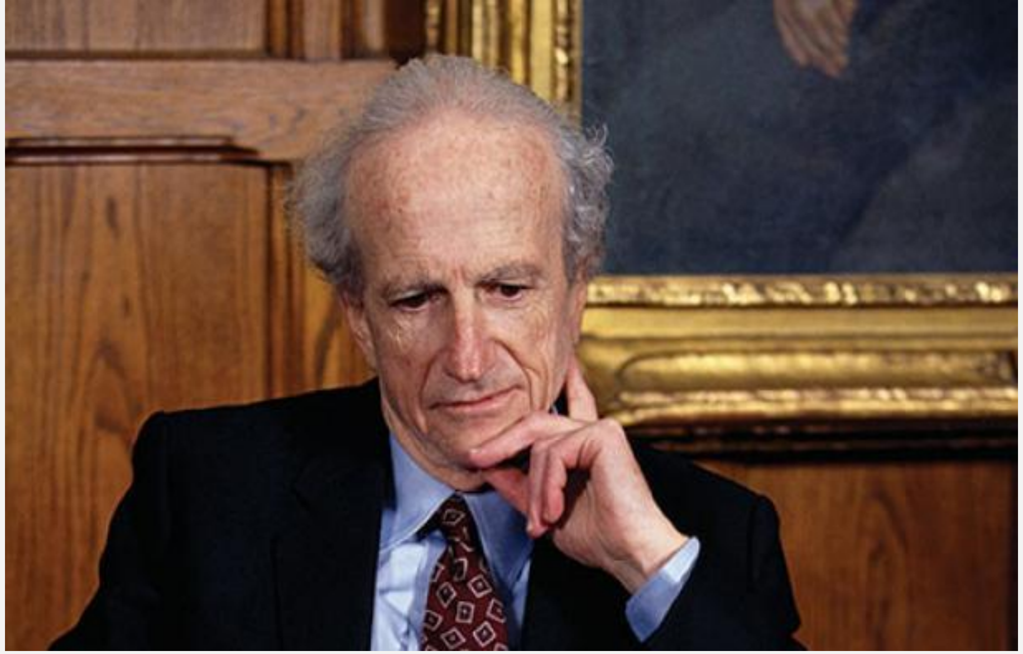
# "GARY BECKER, WHO LED THE MOVEMENT TO APPLY ECONOMIC IDEAS TO AREAS OF LIFE SUCH AS MARRIAGE, DISCRIMINATION AND CRIME . . . WAS ONE OF THE MOST INFLUENTIAL AND MOST CITED ECONOMISTS OF THE 20TH CENTURY." FINANCIAL TIMES, MAY 6



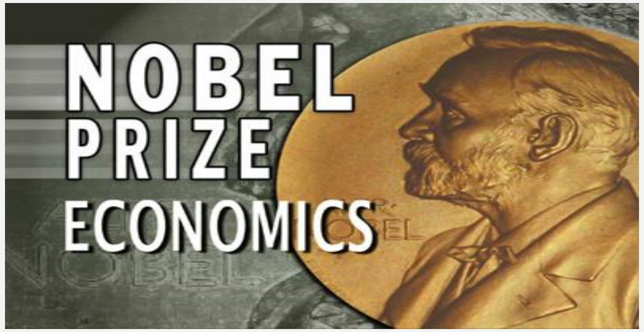




# AWARDS:





> 1992 Nobel Memorial Prize in Economic Sciences

> 1967 John Bates Clark Medal

> 2004 John Von Neumann Award

> 2000 National Medal of Science

> 1997 Pontifical Academy of Sciences

> 2007 Presidential Medal of Freedom

Many famous economists, even some Nobel Prize winners, have made their career based on one innovative idea. Gary Becker, the Nobel Prize-winning economist who died on 3 May 2014, aged 83, had not one innovative idea, but dozens.

# HE WILL BE MISSED

In a profession that is often condemned for dwelling on the abstract and irrelevant problems, Becker focused on the major social issues of the day and found both surprising and compelling insights. Invariably he found that individuals were rational, a startling conclusion in a world all too willing to believe the opposite. Becker pioneered the frontiers of economics and inspired a generation of economists who have followed in his footsteps.

# THANK YOU FOR ATTENTION!

IF YOU HAVE ADDITIONAL QUESTIONS, PLEASE FEEL FREE TO ASK

# Presentation Credits

- 20 Most Influential Living Economists -
http://superscholar.org/features/20-most-influential-living-economists/

- Gary Becker from Wikipedia - https://en.wikipedia.org/wiki/Gary_Becker

- A Man of Numerous Ideas, Gary Becker, Will Be Missed
-http://www.realclearmarkets.com/articles/2014/05/06/a_man_of_numerous_ideas_gary_becker_will_be_missed_101040.html

- Gary Becker, US economist, 1930-2014
-https://www.ft.com/content/bba18500-d3d7-11e3-b0be-00144feabdc0

If you want to see more information about Gary Becker, here is the link to the YouTube video where is his tribute:

https://www.youtube.com/watch?v=a0r1la2Z774