On May 3 of this year died in Chicago Gary Stanley Becker, awarded with the 1992 Nobel Memorial Prize in Economic Sciences, one of the most important economist in the XX century, in the words of Luigi Zingales, a colleague of him at Chicago: “One of the major social scientists of the XX century”.

In October 1990 I, the writer, stayed an entire month in Chicago for study and research about human capital and was in touch through telephone and mails with the illustrious prof. Becker and I hope to said something new about not the scientific life but the more relevant personal life of Prof. Gary S. Becker, a man that accepted there me with a genuine sense of hospitality.

BIOGRAPHY

He was born at Pottsville, Pennsylvania, on the 2nd of December of the year 1930 (hence living 83 years); early before the age of 21 he obtained a magna cum laude degree at the Princeton University and early before the age of 25 obtained a Ph. D. in Economics at the University of Chicago.

In the last ten years he obtained five *honoris causa* degrees, one in Philosophy from the Jerusalem University in the 1985, one in Law from the Illinois Knox College in the same year, one in Arts from the Illinois University of Chicago in 1988, one in Science from the Stony Brook’s New York State University in 1990 and one in Humans Studies from the New Jersey Princeton University in 1991.

Finally he taught at the University of Chicago after teaching at the Columbia University and worked with the National Bureau of Economic Research (N.B.E.R.), the N.O.R.C., the Hoover Institution, the American Enterprise Institute for Public Policy among others; he was also associate member of the Institute of Fiscal and Monetary Politics of the Japanese Economy Ministry.

In 1987 he was president of the American Economic Association, from 1990 until now he was president of the Mont Pelerin Society among many others.

Before the Nobel Prize he won many other prizes:

- W.S. Woytinsky Award, for Human Capital, University of Michigan, 1964.
- Professional Achievement Award, University of Chicago Alumni Association, 1968.
- Frank E. Siedman Distinguished Award in Political Economy, 1985.
THE SCIENTIFIC CONTRIBUTION BY GARY S. BECKER

In hoping to not repeat similar assertions I want to express my personal point of view about the contribution given by Gary S. Becker to the economic science, but first I want tell to you an extract from an article for “Business Week”, written few weeks after his victory of the Nobel Prize: “I won the Prize for the economic analysis applied to social problems, especially those relative to racial discrimination and to the difference of sexes, investment in instruction e other human capitals, criminology and formation, families structure and dissolution. Everybody knows that the majority of the people effects a cost-benefit analysis when they must decide their expenses. I believe that common sense need always to be used in human decisions”.

First, in my opinion, I want to point out that the original contribution of prof. Becker consists in the concrete demonstration of the huge possibility offered by microeconomic analysis in the study of the human behavior, in other terms the hypothesis of the *homo oeconomicus*, a subject perfectly rational that behaves always in a way of maximizing advantages, can explain not only the economic behavior but in all the aspects of human behavior.

Prof. Becker adapted an aforism from Bernard Shaw for describing his metodologic philosophy: “Economics is the art of obtain the best from the life”.

The applications of the original model used by prof. Becker to the different patterns of human behavior can be divided in four research areas.

*Human Capital*

The first and more basic research area for prof. Becker is for sure the theory of human capital, the field where he had developed the more original scientific contributions, introducing in it microeconomic basis.

He has developed this approach to the human capital in the sphere of the general theory for the determination of labour income distribution.

The predictions of the theory relative to the structure of the wage were developed in the so called function of earnings, that specifics the relationship between earning and human capital. Those contributions first were drafted in some articles of the firsts ’60s for later assumed a complete form in the famous essay *Human Capital* of 1964.

The theory about human capital allowed to build a complete and generally applicable analytic framework for the studies not only about the returns of the investments in instruction and professional formation, but also about the wage differential and the temporal profiles of the wages.

Other important applications of the human capital theory have concerned migrations (demonstrating the certain advantages for the inbound countries) the economic growth (with the collaboration of Murphy and Tamura, prof. Becker has demonstrated that capital human investments are to be considered an endogenous variable in models of economic development) and last investments and benefits in the sanity sector.

The human capital approach helps in explain the occupational models among countries,
explained better by differences in the supply of human capital among countries than by differences in supply of phisical capital.

The theoretical and empirical studies of prof. Becker in this sector have contributed to the development of knowledge about peculiar data, especially analytics data about wages and different characteristics of labour.

**Family**

Gary Becker had worked out one more radical extension of the pertinence of the economic theory for the analysis of the relationships among individuals out of the market system. The more relevant example is the analysis of the family’s functions. These studies were collected in his essay *A Treatise on the Family* (written in 1981).

The basic idea in prof. Becker’s analysis is that family can look like a small factory that produces what he called basic goods as meals, housing, entertainment, using time and input of goods from the ordinary market, semi-worked goods that the family buys from the market. In this type of analysis the prices of basic goods have two components. The first includes the direct expenses of purchase of intermediate goods on the market. The second is the time used for producing and using up the good in question; for a specific good this use of time has a value equivalent to wage multiplied for the time used for unit of good produced by the family. This implies that an increase in the wage of one of the members of the family creates non only changes in the labour market, but also to a change in production and consumption of basic goods produced by the family.

Instead of an analysis in terms of traditional dichotomy between work and leisure, the prof. Becker’s model foresees a “general theory of allocation of the family’s time” explained in the essay “A Theory of the Allocation of Time” of 1965. This approach is fundamental for examining the various aspects of the family’s behavior. But the prof. Becker’s analysis not stops here, involving also marriages, divorces and children.

People marry when they think to maximize their utility and that this increases respect to their single’s condition. The same as they divorce also for economic reasons and for truth the divorce’ number increases when women’s earnings overcome men’s earnings and for this reason decreases the interest for women to remain married.

The same economic reasons drive couples to a decrease of son’s procreation if women market’s wage increases and for the women become more convenient devote to market’s activities than children’s care, those cost will becoming too high (Cfr. “Human Capital and the Rise and Fall of Families” written by prof. Becker with N. Tomes in 1986).

At those analysis prof. Becker has arrived after a deep study about fertility started in the ’60s, (Cfr. *An Economic Analysis of Fertility* of 1960) in which he showed that parents take their decisions on the ground, also, of the level of instruction that want to give to their sons in function of income that they will be able to earn and he showed that the role of family is basic for the entire economy of a country,that is it is an endogenous variable, not exogenous. On the ground of all these considerations it is possible to analyse the causes of the reduction of fertility in the occidental countries.

Is worth to signals that Gary Becker in all his original theory of the microeconomic analysis of human behavior largely used mathematical formalization.

For example: started with the key assumption that the individual for increasing his earnings in future invests in instruction, prof. Becker has studied models of the determinants of earnings contributing together with J. Mincer to grant empirical effectiveness to the more general model of accumulation of human capital by Y. Ben-Porath.

Same when he suggests that the instruction should be evaluated as a *production factor* in *household production function* and so he shows that the instruction comes to influence also the future opportunities of consumption of the family.
Crimes and Punishment

The third area where Gary Becker has adopted the theory of rational behavior and of human capital is "Crimes and Punishment". He developed an economic analysis of the criminal behavior in which the criminal activity is seen as an occupation chosen by a subject perfectly rational on the ground of a comparison between income and costs drifted by probable punishment, economic analysis of the criminal behaviors.

Empirical studies according to this approach show that the type of crime committed by one group of individuals can be explained by human capital (and then by instruction) of that group of individuals.


For last I want remember Becker's own words when he sees his research regard of crime: "a message of law and order, the crimes grow when it is difficult become men of law (judges), maybe for the diffuse unemployment or because the young men exit schools with few abilities.

Theory of Discrimination

This is another field where prof. Becker's work have had appreciations for its originality and for having been a forerunner (his text "The Economics of Discrimination" is from 1957).

He applies the theory of rational behavior to the analysis of discrimination on the ground of race, sex ecc...

The discrimination is defined as a situation where an economic agent is ready to bear an expense to refrain by an economic transaction or by a contract with someone characterized by a specific feature (different by himself) of racial or sexual kind.

Prof. Becker shows that such behavior acts as if the price of a good or a service bought by the discriminated agent was higher than the price really paid and the sale price of the discriminated agent is lower than that really obtained.

The discrimination so tends to be economically harmful not only for discriminated people but also for discriminatory people.

Put in other words, bethinking of the preference function of managers and of the workers we try to explain the wage differential between white and black workers and between men and women in the ambit of a competitive labor market.

PERSONAL NOTE

At the start of the '80s I had the intuition of working about a problem-- the human capital-- that in that years was a neglected topic by italian economic literature. Following the suggestions of Prof. Giuseppe Alvaro, who is Emeritus Professor of the University "La Sapienza" of Rome and already worked on these subjects, and after consulting many books and effecting many calculus, I arrived to published a monograph - in which estimated the valor of the human capital emigrated from Sud to Centro-Nord of Italy\(^2\) - that contribute to win for myself the chair as full professor of Economic-Statistics.

Later I decided to deepen the study of this problem by invitation of Prof. Antonino Giannone, who is Emeritus Professor of the University "La Sapienza" of Rome, director of the

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The Legacy of Gary Stanley Becker, 1992 Economy’s Nobel

Treatise of Economic-Statistics, that wanted by me to write the fifth book of the Treatise series about “human capital”.

All this happened in 1989 but by that time too, after studying in international literature, I individuated Gary S. Becker as the best studious in the world in the sphere of the human capital studies.

I wrote to him and he was very delighted to welcome myself in Chicago (happened in October of 1990) permitting to me to frequent for one month the famous Department of Economics where had studied fifteen Nobel Prize winners.

For all that period I met him many times, spending together many hours and I was able to appreciate the deep extent of his culture.

He illuminated me wisely about the various aspects of the set of problems about the human capital and answered cleverly to my many doubts.

He invited myself to seminars organized by his Department, seminars about various economic problems where he always distinguished himself.

I want signal that during my living in Chicago was divulged that the 1990 Economy Nobel Prize winner was Merton Miller, another Chicago economist, when in all newspapers forecasts were in for Gary S. Becker.

Come back in Italy, following Gary Becker’s suggestions I concluded my book³, that send to him and he in response promised to come to visit my town for a seminar. Visit never concretized.

At the 5.30 in the morning of Tuesday 13 October 1992 an appointee by the “Royal Swedish Academy of Sciences” awaked Gary S. Becker of University of Chicago with the announce that the 1992 Economy Nobel Prize was conferred to him.

Other funny aspects of the Gary Becker’s human personality emerged by the mail send from prof. Becker to me in that occasion thanking me for the good luck advice I tell to him and with modesty he attributed the credit of victory to all the scholars studious he met.

For conclude I can said that the ideas and methodologies of Gary Becker, at first negatly welcomed, are now collecting great agreement: especially, beyond the economic field, also in politics and sociologic fields are more and more used models inspired by theories of rational choices.

Last, it’s hope that the Nobel Prize awarded to the pioneer of studies about human capital can be inspiring more in depth studies about this interesting and fascinating tematic⁴.

So disappears an exceptional man, a great scientist of the XX century, with a great human personality loved by many.

Quoting Luigi Zingales I agree with him saying that the dead of Gary S. Becker was “... the loss of exceptional human capital. Not only Chicago, but the entire world, is poorer today.”

Bari, September 2014


4 - Of my many subsequent publications about human capital I want signal just the last: A. MASTRODONATO, Il dualismo tra Centro-Nord e Mezzogiorno alla luce delle nuove teorie sulla crescita economica, in “Rassegna Economica, Quaderni di ricerca n. 19, December 2010
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