Redefining the Social in a Changing Society: Origins and Reception of Gary Becker's *The Economics of Discrimination*

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Introduction

Gary S. Becker *The Economics of Discrimination* (1957) has a confused history. Richard Swedberg has argued that the dissertation and the book which derived from it restored to life the dialogue between economists and other social scientists after a long period of mutual ignorance (Swedberg, 1990a; 1990b). At the same time, Becker's students and colleagues mentioned a mood of hostility against the economic analysis of discrimination and, more generally, the use of microeconomic tools outside economics' traditional boundaries.[2] Finally, in his Nobel lecture as well as on other occasions, Becker conceded that his book was favorably received but "had no visible impact on anything" (Becker, 1993; 1971).

As is well known, one of the most important books on discrimination was written by the economist Gunnar Myrdal more than a decade before Becker's dissertation, which shows that economists (and other social scientists) had already been thinking about racial relations when Becker entered the debate. In order to assess the originality and actual reception of *The Economics of Discrimination*, this paper replaces the notion of discrimination and the question of the boundaries separating economics and the other social sciences in the context of the postwar era. In that context, discrimination was but one of the Cold War concerns of American society. Enacted by the Supreme Court decision in the *Plessy vs Ferguson* case in 1886, segregation and the "separate but equal" doctrine faced growing criticism in American society after World War Two. But segregation in public facilities was just the most visible part of the discriminatory practices against African Americans, who also suffered from discrimination in the job market. As African Americans witnessed an increase in their

[2] Becker and Nashat Becker noted that "[the] book was not well received by most economists, who believed these subjects should be left to specialists in sociology, political science, and other fields. Controversy over his work followed Gary throughout his career…" (1996, p. 3). Barry Chiswick wrote of Becker's analysis that it "was quite controversial for many years after its publication" (1995, p. 15). Finally, Sherwin Rosen writes that: "it is hard to describe what a daring work it was back then, given the general tenor of the time in the United States, and the general skepticism of economists and other social scientists for work that strayed too far from familiar turf (1993, p. 33). In pointing to the rejection of the manuscript by the University of Chicago Press and the negative reviews of the book, Becker's introduction to the second edition may well have contributed to forging that perception of his work.

economic potential in postwar society, the issue of economic discrimination gained in significance. Becker's was a contribution to a hot topic that mobilized economists and a number of other social scientists including sociologists and psychologists.

In his approach, Becker defined discrimination as a result of market interactions. His use of the maximization framework contrasted with the sociological, historical and economic approach exemplified by Myrdal's *An American Dilemma* (1944). Rather than reviving the dialogue between economists and other social scientists on racial relations, Becker changed its nature, thus making possible a redefinition of the boundaries between economics and the other social sciences. This explains in turn the mixed reception: though the necessity for a new approach to racial relations was widely acknowledged, there was some uneasiness with the redefinition of sociology or labor economics implied by Becker's book.

Section 2 describes the work on discrimination before Becker's. Section 3 presents Becker's contribution as it appears in *The Economics of Discrimination*. Section 4 turns to the book's reception. Finally, section 5 offers concluding remarks.

1. Discrimination before Becker

Though sociologists and psychologists were interested in racial-related issues as of the early twentieth century, the postwar understanding of discrimination was profoundly shaped by the work of Myrdal. In the mid-1930s, he had been commissioned by the Carnegie Corporation to lead a broad study of African Americans which resulted in the monumental *An American Dilemma: the Negro Problem and Modern Democracy* (1944). The book emphasized the dilemma between America's values such as freedom, equality or individualism (i.e. what he called the "American creed") and the prevalence of discrimination in American society.

Disappointed with neoclassical economics because it had not offered solutions to the depression of the 1930s, Myrdal resorted primarily to psychology, sociology and social psychology to study this moral dilemma (W. Jackson, 1990). Discrimination followed a vicious circle pattern by maintaining African Americans in poor living conditions which fueled prejudice among whites and eventually led to discrimination. The book was written for social engineering purposes and its recommendations focused on education and economic policies as well as institutional change. Interestingly, it was not considered an economics book. Its impact was more significant on the other social sciences. [3]

Myrdal's paradox was put in the forefront of America's concerns in the nascent Cold War society of the late 1940s. In the aftermath of World War II, the US inherited the international position of leading representative of western civilization, and as a result became the most important advocate of democracy. The values internationally praised by the US echoed Myrdal's "American creed". However, the Jim Crow system and other forms of discrimination against African Americans remained institutionalized.[4] The dilemma gained international visibility with the attacks of USSR representatives in the United Nations conferences, who considered discrimination and segregation as an imperialist way to organize a new form of slavery. [5] These attacks made discrimination one of the hottest Cold War issues.

[3] For Howard Odum (Odum, 1944), the book's analysis of discrimination was the most important change in sociological thought. Parsons and Barber (1948) considered the book as the most important sociology book of the time. Myrdal's book contains almost no economic theory. The fourth part entitled "Economics" is mainly devoted to an empirical analysis of African American's economic conditions, as well as case studies concerning discriminatory behaviors. The argumentation is similar to the one found in previous parts, and is based on the vicious cycle pattern linking prejudice to poor economic conditions. Myrdal's economic dilemma confronts a belief in equality of opportunities with discriminatory behaviors. This mix of empirical analysis and sociological considerations about norms and values also grounded studies of an institutionalist flavor after World War II.

[4] The "Jim Crow" legislation, which had legalized segregation in public facilities, was characterized by "Separate but Equal" doctrines.

[5] In 1952, a Polish delegate stated that the United States had replaced Germany and other dictatorships such as Japan and Italy in the promotion of some superior race, namely the Anglo-Saxon one. These attacks were repeated many times during the 1950s (Rosser, 1962).

The domestic situation mirrored the international controversy. Unlike in the interwar period, the American identity of the fifties consisted in the acceptance of the values the country was internationally promoting (Gleason, 1981). As American society was shaped by the “silent generation”, the notion of consensus spread, which reinforced Myrdal’s dilemma. Social scientists soon reacted to this paradox, and entered a fight against discrimination.[6] In this fight, the American Jewish Congress took a leading role by creating two commissions meant to give insights from social research and to influence jurisprudence and law making.[7] Leading researchers such as Kurt Lewin or Kenneth Clark were associated with these commissions (J. P. Jackson, 2000).[8] The two commissions’ joint work led to a number of successes in court until the fight reached a climax in 1954 when the Supreme Court outlawed the Jim Crow system in the famous *Brown vs Board of Education of Topeka* decision. In his decision, Chief of Justice Earl Warren cited *An American Dilemma*.[9] Myrdal’s social engineering fitted the prevailing social philosophy that emphasized the urge to change mores and minds through educational and other policies.

The growing recognition of discrimination as a major Cold war issue pushed federal and local government agencies to commission policy oriented studies on discrimination. In 1946, President Truman created the President’s Committee on Civil Rights that commissioned a report (*To Secure These Rights*) on African Americans’ living conditions. This report

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[6] Co-author of *An American Dilemma,* Arnold M. Rose wrote: “During World War II, in clarifying our war aims, and since then, in attempting to fight Communism ideologically, Americans have come to realize the shocking gap between their theory and practice in the field of race relations. This has been a great stimulus not only to passing laws, but also in changing the climate of opinion” (Rose & Rose, 1951).

[7] The Commission on Community Interrelations (CCI), created by social psychologist Kurt Lewin in 1944, dealt with social research and reforms proposals while the Commission on Law and Social Action (CLSA), created in 1945 and led by Alexander Pekelis dealt with the juridical side of the fight (Jackson 2000).

[8] Clark and his wife, Mamie Phipps Clark, showed that segregation led to psychological damage. Using black and white dolls and asking children about their preferences, they showed that segregation developed a sense of inferiority on black children. This results served as empirical evidence in the *Brown vs Board* case (J. P. Jackson, 2000).

[9] The reference to *An American Dilemma* is found in footnote 11 of the *Brown versus Board Decision*. The footnote lists some important references in sociological and psychological studies, such as Kenneth Clark’s, and a chapter of the book *Discrimination and National Welfare* (see below). At the end of the note, Warren writes “and see generally Myrdal, *An American Dilemma*”. Warren didn’t express any opinion, but clearly used the book as the groundwork for the decision.

stimulated further studies on the gap between their conditions and American ideals (Wirth, 1950). If American society was characterized by discrimination that was inconsistent with the "American creed", scientific investigation of discrimination might help resolve the dilemma. Myrdal's assimilation hypothesis grounded the empirical studies. It was assumed that if black people had the opportunities to, they would embrace the values of white America (Metzger, 1971).[10]

Thus, the main starting point for measuring discrimination was to consider that African Americans and Whites should have equal opportunities. But income differences would not be totally related to discrimination because individual productivity or education would also differ from one group to another. Sociological studies regarded discrimination as a residual (Palmer, 1947; Turner, 1952).[11] The overall challenge was to isolate individual sources of differences. Pollack (1944) and Palmer (1947) tried to build different individual competitiveness indicators, based on age, sex, occupational position or health, while Turner (1952) measured the "foci of discrimination", namely the various steps where discrimination occurred. Statistical studies represented the bulk of discrimination analyses published in the major sociology journals.

In the meantime, theoretical research was deprived of private funds. In the early 1950s, as philanthropic foundations were attacked by McCarthyites, the General Education Board as well as the Julius Rosenwald Fund ceased to support any "subversive" research such as racial relations studies (Lagemann, 1999). Some of them reoriented their support toward

[10] As Myrdal put it, "we assume it is to the advantage of American Negroes as individuals and as a group to become assimilated into American culture, to acquire the traits held in esteem by the dominant white Americans" (1944, p.929).

[11] "Discrimination in employment of a minority group is defined operationally as the inequality which remains after deficiency in qualification for employment is removed statistically" (Turner 1952, p.247).

Southern universities. As a result, a number of applications by Guy Johnson, Arthur Raper and other racial relation specialists were turned down (W. Jackson, 1990; Wirth, 1948).[12]

The growing aversion of foundations to funding this kind of work led to a paucity of theoretical research in sociology, which raised concern among sociologists. Part of the profession, from the behaviorist George A. Lundberg to "Chicago School" sociologist E.B. Reuter, had criticized Myrdal's study for its lack of generalizations (Lundberg, 1945a; Reuter, 1944). Postwar sociology was looking forward to an integrated framework that could satisfy the discipline's ambitions towards a rigorous discipline (Lundberg, 1945b; Znaniecki, 1945). In this regard, even psychology studies were criticized for their lack of theoretical content, as with Allport's 1954 book *The Nature of Prejudice* (see Rose, 1954).[13] As Wirth wrote in 1950, "what the field of race racial and cultural relations, as it has developed in the United States, lacks, is an ordered system of underlying theory which could guide and enhance the value of the many disparate research projects and lead to the building of a cumulative body of tested knowledge".[14]

The emphasis on the moral side of discrimination and its Cold war repercussions was the most patent aspect of racial relations at the time. However, the President's 1946 report showed another side of discrimination: its burden on the economy. [15] The economic aspect of discrimination emerged at a time when American society witnessed the first signs of African

[12] In January 1944, the sociologist Donald Young sent a memo to the major foundations calling for a reallocation of resources away from social scientific research. Donald Young was a professor at the University of Pennsylvania. He believed the key issue was now the anticipated rise of racial conflicts and thus the necessity to reduce racial tensions by focusing on the points of contacts between racial groups such as workplaces, public transportations etc. In his opinion, Myrdal's work was an important and comprehensive study but racial relations specialists had nothing more to say, as opposed to specialists of those "points of contacts" (W. Jackson, 1990). In 1948, Young became the president of the Russell Sage Foundation until 1963. This memo was an example of the foundations' overall lack of interest in supporting further studies.

[13] Gordon Allport was professor of psychology at Harvard. He and his colleague Henry Murray as well as Clyde Kluckhohn of the Anthropology Department joined Talcott Parsons of the Department of Sociology, to establish the Department of Social Relations (Gilman, 2004).

[14] Note that the same kind of opinion about the lack of theoretical work was expressed by political scientists, such as David Easton (1953).

[15] According to the report: "[t]he United States can no longer afford this heavy drain upon its human wealth, its national competence" (The President's Committee on Civil Rights, p.148).

American's economic improvement. In some ways, African Americans seemed to have benefited from the economic boom of the fifties. Their purchasing power was increasing and they represented a growing economic force. For instance, leading advertisers had their products sponsored by black sportsmen (Alexander, 1951).

As a consequence, Blacks were aspiring to a higher quality of life. Ten years after Myrdal's book, *Time Magazine* (1953) noted that Myrdal's depiction of African Americans' needs was "strikingly out of date**"** for their problem was **"**no longer jobs, but better jobs; for many, it [was] no longer bread, but cake". The magazine emphasized for instance the lack of African Americans in high-skilled jobs. The Supreme Court debate was the outcome of their economic progress, illustrated by their search of a better integration in non-market areas.

The economic aspects of discrimination prompted some economists to study discrimination in industry. Their work was characterized by methodological pluralism as the field of labor economics was not yet inclined to formalization and mathematical modeling (Morgan & Rutherford, 1998). Many of those economists thought that the labor market was not shaped by competition, but by collective bargaining. As a result, the analysis of labor relations needed to focus on institutions, notably trade unions. A telling example is provided by Richard A. Lester's analysis of wage differentials, which called for a multidisciplinary approach since "the more "mixed" the economy becomes, the less controlling is the market mechanism and the greater tends to be the influence of group psychology, public opinion, and political, social and institutional factors" (Lester, 1952, p.485). Many of these economists analyzed discrimination by trade unions (against non-unionized members, not *racial* discrimination *per se*) as part of their analysis of the consequences of the Taft-Hartley act of 1947 that had outlawed closed shops.[16] Thus, racial discrimination was only a small section of a broader picture.

[16] The Act condemned employer discrimination against non-unionized workers, which stimulated a sizeable literature on the matter. Over the period from 1947 to 1957, Jstor counts 27 articles containing both words

Herbert Northrup was a lively example of the field's eclecticism.[17] A graduate student at Duke, he was taken by the racial employment patterns of the tobacco industry. He pursued his interest in racial relations in his doctoral work at Harvard, where he met the institutionalists Sumner Slichter, who supervised his Ph.D. dissertation, and John T. Dunlop, who was on his Ph.D. committee (Kaufman, 1998; Rutherford, 2000). Thanks to Slichter, Northrup worked with Myrdal on the *An American Dilemma* project during the summers of 1940 and 1941. He was one of the very few economists to work with Myrdal, and according to him, one of the few labor economists, in the 1940s, to have given serious thoughts about black employment problems (Kaufman, 1998). His work emphasized trade unions' racial policies, which played a major role in the employment of African Americans (Northrup, 1943, 1944, 1946). On the eve of the cold war, Northrup (1946b) argued that favorable union policies had contributed to increase African American's wages and working conditions. Moreover, dangerous discriminatory practices associated with a few major trade unions were generally found in declining sectors (railroads for instance).

In the winter 1947-1948, he contributed to the interdisciplinary conference held by The Institute for Religious and Social Studies entitled *The Costs of Discrimination in the United States*, which explored the economic, social and cultural consequences of discrimination in various areas such as education, housing, religion or the job market. The conference was itself an illustration of the multidisciplinary approach to such a phenomenon, as it gathered industrial relations specialists, as well as sociologists (Robert K. Merton) or public opinion specialists (Elmo Roper). Published in *Discrimination and the National Welfare* (1949), edited by the sociologist Robert McIver, the contributions were criticized by Rose (1949), for their lack of theoretical generalizations.

"discrimination" and "Taft-Hartley" published in the *Industrial and Labor Relations Review*. Almost all of them do not address racial relations issues.

[17] In 1950, Northrup coauthored a famous textbook with Gordon F. Bloom, *Economics of Labor and Industrial Relations*.

Roper's contribution to the conference showed that assessing the economic costs of discrimination was not the exclusive work of economists. Roper was director of the first national poll based on scientific sampling techniques, *Fortune Survey*, from 1935 to 1950, and founded in 1946 the *Roper Center for Public Opinion Research* at Williams College (Wallace, 1959). In "The Price Business Pays", he estimated that discrimination cost four billion dollars each year. In a subsequent paper, based on ten years of surveys, he argued that discrimination cost nearly thirty billions dollars in foregone earnings from taxes, purchasing power, and from crime (Roper, 1952).

As many scholars of the field, he believed that: "discrimination neither began in industry not it will end here": it was part of the social context in which labor relations occurred (Roper, 1952, p.584). Discrimination had a strong effect on worker's psychology, which had negative consequences on their productivity through loss of concentration and ambition. As argued by the economist Eli Ginzberg in the 1956 interdisciplinary study *The Negro Potential*, the loss of ambition was due to the psychological damages of discrimination which prevented African Americans from taking the new postwar economic opportunities.[18] Like Myrdal, psychology was regarded by these authors as the key factor to economic losses and the solution rested in "proper supervisory education" (Roper, 1952, p.589).

So far, the collaboration between economists and other social scientists didn't use the maximization framework. Donald Dewey's paper, "Negro Employment in Southern Industry" (1952) was a first step in that direction.[19] The paper grew out of Dewey's case studies of employment of African Americans in the southern states for the report of the National Planning Association published in 1953 (Nicholls, 1960).[20] Dewey deplored the lack of

[18] The study was similar to Myrdal's because Ginzberg, a professor of economics from Columbia, had led a staff composed of social scientists, historians and labor relations specialists (Miles, 1956).
[19] Like Northrup, Dewey was also at Duke when he worked on discrimination.
[20] The report, entitled *Selected Studies of Negro Employment in the South*, was initially meant to be a comprehensive study of African Americans employment in the southern industry, but the lack of funds had limited this ambition (Ferguson, 1956).

theoretical generalizations about racial relations and thought that segregation was the outcome of market competition between black and white workers. Indeed, that competition showed "discernible uniformities" (Dewey 1952, p.281). Dewey criticized sociologists for not understanding the economic nature of segregation in the South, and claimed that "one can take a long step toward the understanding of the southern scene simply by qualifying the marginal productivity analysis of labor allocation with a few additional assumptions" (Dewey 1952, p. 281). However, the paper was only a small step toward an economic analysis of discrimination because the assumption of rational employers could only be used to better understand racial employment patterns. Discriminatory behaviors *per se* depended on southern customs and other irrational behaviors outside of the economic analysis.

In the mid-fifties, most economists and social scientists thought that discrimination created a specific social and psychological context under which economic behaviors took place. This explains why, before the publication of Becker's PhD dissertation, the economic aspects of discrimination were studied by economists and social scientists using a language which was based on psychological studies of prejudice, statistics and historical analyses on the relative socioeconomic status of African Americans.

2. A New Approach to Discrimination

During his undergraduate studies at Princeton, Becker recalls that he was concerned with important social issues. However, the way economics was taught there didn't address such topics (Swedberg, 1990).[21] He contemplated the possibility of moving to sociology, but was

[21] In Princeton, Becker worked on two papers, "A Note on Multi-Country Trade" and "The Classical Monetary Theory: The Outcome of the Discussion". The first paper presented a two-commodity model of international trade and the second one, co-authored with William Baumol, dealt with the monetary theory of Oskar Lange and

discouraged by his readings of Talcott Parsons (*ibid.*). Jacob Viner, one of the main architects of the so-called Chicago school, advised Becker to apply for graduate studies at Chicago. When Becker moved to Chicago in 1951, he found an intellectually stimulating environment more favorable for his ambitions (Becker to Friedman, 1954, MFP, box 20, Folder 30; Swedberg, 1990b). During his first years there, Becker went through the cultural integration process that focused on price theory and market clearing, as described by Reder (1982). To use Laurence Miller's words, as a Chicagoan, Becker leaned to look "continuously for new ways to introduce the market system of reward and penalties" (Miller, 1962, p.66).[22]

Becker also found in the teachings of Milton Friedman that economics could be used to change the world. Indeed, Friedman thought that economics should be a policy-oriented science studying practical issues.[23] Friedman's students, such as Robert Lucas or Sam Peltzman, remember Friedman's peculiar teaching style, which always referred to the concrete problems of the day (Hammond, 1999; Ontenada, 2006).[24] Friedman's class conveyed the feeling that economics was a powerful tool to study real-world issues. For instance, Friedman addressed a wide variety of topics such as "why people buy lottery tickets" or "the determinants of parental demand for children", applying economic theory beyond its customary scope (Becker, 1991). These examples were only pedagogical illustrations, and it is likely that Friedman himself did not consider them appropriate for any

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Don Patinkin. Published in 1952 after Becker's departure from Princeton, these papers had little to do with social issues.

[22] In order to master this new approach, Becker needed training in both theory and statistics (Becker to Baumol, April 20, 1952, WBPD, Box 1 Folder B). During his early years at Chicago, Becker had a busy schedule. As he told Baumol in 1951, he didn't feel like writing for he had a lot of theory to learn (Becker to Baumol, January 22, 1952, WBPD, Box 1 Folder B).

[23] When Becker arrived in Chicago in 1951, Friedman had already written a first draft of his methodological essay, "The Methodology of Positive Economics" then entitled "Descriptive Validity vs Analytical Relevance in Economic Theory" (Hammond & Hammond, 2006). As he stated in his 1953 book, *Essays in Positive Economics*, a positive theory had to be judged only by the accuracy of its predictions, and not by the realism of its assumptions. Friedman (1946) emphasized partial equilibrium analysis, as opposed to Walrassian general equilibrium theory, which he thought too abstract and empirically empty.

[24] Lucas recalls: "I think the breadth of problems he showed that you could address with economic reasoning. That's what Friedman emphasized. No single problem was analyzed all that deeply but the range of problems included everything. So we got the impression, and rightly so, that we were getting a powerful piece of equipment for dealing with any problem that came up in human affairs" (Snowdown and Vane ,1999, p.120-121; see also Hammond, 1999).

serious scholarship before Becker's thesis. Indeed, Friedman's price theory textbook, based on his students' lecture notes of 1951-1952, do not address much "noneconomic" issues. Yet, Becker found in Friedman's teachings the appropriate tools to fulfill his own ambitions to study social issues.[25]

Becker (2003) recalls that at first, Friedman did not believe discrimination was a relevant economic topic. Yet, the project matched H. Gregg Lewis' research agenda, as he also supervised Morton Zeman's thesis on an empirical analysis of income differences between Whites and African Americans. Like Friedman, Lewis focused on practical issues and stressed the importance of empirical analysis, for the "purpose of theorizing was to identify important empirical relationships to be measured and to suggest strategies for measuring them" (Biddle, 1996, p.186). Moreover, labor economics at Chicago offered opportunities for analyzing the effects of non-pecuniary motives on labor markets, since it was a main subject of controversy between neoclassical and institutional economists. As the debates surrounding Simon Rottenberg's "On Choice in the Labor Market" (1956) indicate, institutionalists argued that prices were not relevant factors in the choice of jobs, since this choice was the outcome of complex motivations, outside of the field of analysis of price theory.[26] Becker's line of reasoning in his 1955 thesis were close to Rottenberg's argument according to which non-pecuniary motives can be integrated in the analysis and prices can play an important role (see below).[27] Thus, Becker's project was also an interesting potential

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[25] Becker's recollections of Friedman's classes might not be accurate, but in this case, they would betray Becker's particular understanding of Friedman's teachings. For Becker, "real world issues" were not only economic, but also political and social. When Friedman recommended Becker for an Earhart fellowship in 1953 he wrote that "Becker has a brilliant, analytical mind; […] a real feeling for the interrelationship between economic and political issues" (Fuchs, 1994, pp. 183-184).

[26] The debate involved Lester and Robert Lampman.

[27] Rottenberg (1956) took the example of a worker choosing between a "clean" and a "dirty" occupation, which included a more complex motivation than simply choosing a job associated with the maximum wage rate. Rottenberg wrote that: "the economists' position is simply this: that workers will be indifferent between clean and dirty occupations, if the wage differential is just sufficient to compensate for differential cleanliness; that they will prefer the clean job, if the wage differential is less than this; that they will prefer the dirty job, if the wage differential is more than this. It does not matter whether we say that they choose jobs in terms of cleanliness properties, *wages being given*, or that they choose jobs in terms of relative wages, *cleanliness*

argument in the redefinition of labor economics on micro foundations, of which Lewis was arguably one of the main architects (see also his role in the development in human capital analysis in Teixeira, 2007).

Becker started to work on discrimination during the *Brown vs Board* debate which had begun in 1951 after the NAACP had appealed to the Supreme Court. Chicago was considered the capital of Black America as it faced the massive migration of Black southerners between the 1940s and the 1960s. In 1951, the suburban town of Cicero had witnessed a riot that lasted three nights and involved thousands of white protesters, which had attracted worldwide condemnation.

This loaded context notwithstanding, Becker's dissertation, *The Economics of Racial Discrimination* (1955), showed distanciation. As he wrote in the introduction, the work was meant to fill a theoretical void, for most of the abundant literature on racial relations, including the seminal work of Myrdal, had "been purely descriptive, or [had] involved only causal analysis" (Becker, 1955, p.1). Stimulated by Friedman's class, Becker's goal was to apply "neoclassical economic theory to the interpretation of Negro-White differences in the United States economy" (Becker, 1955, p.1). In the dissertation, Becker never referred to any work by sociologists or psychologists. Although it was decided to place Everett C. Hughes, an eminent figure of the Chicago Department of Sociology, on his PhD committee, Becker hardly had any contact with him and seemed to have carried on alone his innovative work (Swedberg, 1990b).[28] Becker's dissertation was primarily written for economists, and tackled market discrimination as a problem of general economic significance. Becker recalls that Hughes was not hostile to Becker's project, although their approach to the phenomenon was

properties being given" (1956, pp.190-191). This example is not so different from Becker's analysis of the choice of a white worker between working alongside with blacks or not (see below).

[28] Becker's interviews by Swedberg (1990a) as well as Tim Harford's (for the *Financial Times* in 2006) clearly suggest that Hughes' appointment in the committee was a way to avoid any embarrassment that Becker's dissertation might have caused.

very different, which made the communication even more difficult (*ibid*.).[29] When he gave a speech for the dedication of the R.E. Park Building at Fisk University in 1955, Hughes argued that the growing interest of economists (Becker and Zeman) for such a traditionally sociological topic was to be expected, since the differences between Blacks and Whites were fading and made it easier for economists to treat them as perfect substitutes in production (Hughes, 1961; 1984).

During the year 1955-1956, Becker reworked the dissertation into a book, so as to make it a contribution to the interdisciplinary literature of economic discrimination.[30] *The Economics of Discrimination* (1957) meant to deal with the discrimination issues of the time: "…no single domestic issues has occupied more space in our newspaper in the postwar period than discrimination against minorities, especially against Negroes" (Becker, 1971, p.1).[31] Unlike the dissertation, the book considered earlier analyses of discrimination by sociologists, economists and psychologists. However, the rewriting process clearly left Myrdal's work aside.[32] Becker's starting point reversed the common view on the causality between economic and non-economic discrimination as it reemphasized the "economic" at the expense to the "social". He was guided by the belief that "by eliminating market discrimination one could eliminate much of the discrimination in non-market areas" (Becker 1971, p.9). In this respect, it echoed the few voices, such as the journalist Russel Warren Howe (1956), which had called for a reappraisal of the influence of economic behavior in the study of discrimination.[33]

[29] For Hughes (1961; 1984), it seemed only natural that economists such as Zeman or Becker for such a sociological issue, acknowledging that (Hughes, 1984, p. 172).
[30] The main results, as well as most of the theory, had been laid down in the dissertation, but the book included a more comprehensive statistical analysis.
[31] This quote, as well as many in this paper, comes from the second edition of *The Economics of Discrimination*. However, it doesn't raise any problem of historical significance since this edition leaves the original 1957 text intact "aside from the correction of typographical errors" (Becker 1971, p.2).
[32] References to Myrdal were more numerous in Becker's Ph.D dissertation, in which he acknowledged the importance and comprehensiveness of the 1944 study. There is only one reference to Myrdal's work in the 1957 book. It might have influenced the common perception of Becker as the first economist to study discrimination.
[33] To him, "[t]he wellspring of discrimination [was] largely overlooked... Sociologists [had] preferred to look for obscure psychopathological pretexts for prejudice, for mysterious taboos, for schizophrenia ("I hate them because I love them")…". Discrimination and segregation were only a way for whites to avoid direct competition with Blacks and to harm them economically (Howe, 1956, p.216).

Becker's analyzed the relationship between individual prejudice and the overall level of discrimination in the marketplace. His main assumption was that prejudice came mostly from tastes. Thus, Becker assumed that each individual had a taste for discrimination, which implied that someone experienced a certain amount of disutility whenever he was close to a member of another group. This idea matched important sociological and psychological results listed in Allport's book on prejudice and was also close to the "contact hypothesis" that said that prejudice was lower if members of two groups lived closer.[34] Allport, but also Lewin's CCI members (see above) developed that hypothesis during the 1950s and 1960s.[35] These different groups were broadly defined by Becker: they could be ethnic, sexual or political.

Becker's approach to discrimination was tinted of Friedman's methodological perspectives. Employers, as well as other economic agents, were assumed to behave "as if" they were rational, and the only specific behavioral assumption was the presence of a taste for discrimination. Economically, it meant that agents were behaving as if they "were willing to pay something either directly or in the form of a reduced income, to be associated with some persons instead of others" (Becker 1971, p.14). Becker's understanding of discrimination reflected the prevailing social discourse about race relation: discrimination meant social or psychological distance, in a time when segregation was in the forefront of America's concerns (Figart and Mutari, 2005). The pecuniary translation of the taste for discrimination was illustrated by the discrimination coefficient (DC), which was added to the usual monetary costs of products or labor.[36] Leaving the explanation of prejudice formation to psychologists,

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[34] Becker, for instance, acknowledged with Allport that nepotism and discrimination were two sides of the same coin. Allport defines the prejudice as "a feeling, favorable or unfavorable, toward a person or thing, prior to, or not based on, actual experience" (Allport, 1954, p.6). Allport's *The Nature of Prejudice* was supported by funds from the American Jewish Congress.

[35] Becker (1957) remains elusive on the final effect of a high frequency of contacts on prejudice. Although Becker incorporated the conclusions of the "contact hypothesis", he also included other arguments to show that closeness and high frequencies of contact between two groups could raise the taste for discrimination.

[36] For instance, if an employer has a taste for discrimination against a member of the N group, he will have to pay $w(1+d)$ to hire members of the other group, with w being the monetary wage and d the discrimination coefficient. Similarly, consumers having a taste for discrimination would have to pay $p(1+d)$, with p being the price of the commodity, to avoid buying their product in a shop held by a member of the N group.

Becker didn't focus much on individual choice but on the consequences of this transaction cost on market exchanges.

The DC illustrated Becker's willingness to study a wider range of social issues for it extended the application of economic analysis beyond the mere discrimination phenomenon: it introduced the effects of any kind of non-pecuniary elements into market transactions. As Becker put it, "[c]onventional theory usually "assumes" that all employers endeavor to maximize money income. This has been continuously criticized by those who argue that some employers want power, an easy life, and other forms of non-money income. The introduction of DC's generalizes conventional theory; it is no longer assumed that all potential employers want to maximize money income" (1971, p.45).[37]

To analyze the relations between individual prejudice and market discrimination, Becker defined a market discrimination coefficient (MDC) against a specific group, say *N*, as the "difference between the actual ratio of the incomes of *W* and *N* and this ratio without discrimination" (Becker, 1976). This concept echoed the "residual" definition of discrimination used in sociological studies. What made discrimination a sheer economic phenomenon was that the overall market discrimination measured by the MDC could differ from individual DC because many economic forces such as competition, the shape and homogeneity of production functions, or market structures, could act on discrimination.[38]

For instance, a taste for discrimination raised companies' costs so that nondiscriminatory companies were more competitive. In a perfectly competitive market, assuming homogeneous production functions, less competitive (more discriminatory) firms

[37] In his dissertation, Becker knew already that the DC could be used as a building block for the study a wider range of problems, as it was considered a "bridge between money and real costs" (Becker 1955, p.14). In a footnote, he added that "…many problems involving non pecuniary motivation can be solved using similar techniques" (p.14).

[38] It is possible to understand this emphasis on the economic effects of those different assumptions as Lewis' influence on Becker. As Biddle stated, "Lewis explored his models thoroughly. Where others might implicitly assume that certain functions were perfectly elastic, or that a production function was homothetic and linear homogeneous, or that all relevant markets were competitive, Lewis would make these assumptions explicit, discuss their plausibility, and determine consequences of their failure" (1996, p.186).

would eventually disappear. Also, if employees had a taste for discrimination, employers would never mix their workforce (because of a rise in their costs), which would lead to a complete segregation between *N* and *W*.[39] This result was for Dewey (1952), a notable racial employment pattern in the South, sustained by empirical evidence.[40]

Borrowing from international trade theory, Becker showed that if the *W* group ("exporting" capital) discriminated against the *N* group ("exporting" labor), the overall amount of exchanges between the two "countries" *N* and *W* was reduced as well as the net income of both groups *N* and *W*. Adding to the society's overall income reduction, Becker concluded that returns to *W* labor and *N* capital -factors that weren't exchanged and relatively scarce- increased, and therefore benefited from discrimination. This result led him to criticize the common belief held by important social scientists such as Myrdal, Rose and Allport, that the dominant group gained by discriminating against minorities. Becker also attacked Roper's 1948 empirical findings, which overestimated the cost of discrimination: depending on the production function used, interactions in the marketplace between African Americans being discriminated against by whites reduced their income roughly by 13%.

On the empirical side, Becker's results once again went against the tide. Being influenced by Lewis's and Friedman's strong emphasis on empirical evidence and thorough statistical analysis, Becker put his theory to the test of statistical data provided by the Bureau of Census. Discrimination measurement in Becker's book was similar to previous social scientific work in its focus on data related to wage differences and occupational positions. [41] Accordingly, Becker encountered the same kind of problems as sociologists when measuring discrimination. He had to isolate discrimination from the other determinants of individual

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[39] Note that N and W are perfect substitutes. This point was debated by Lewis' Ph.D. student, Finis Welch (1967).

[40] Becker deepened Dewey's analysis, which was, according to Becker "almost completely irrelevant for understanding market discrimination" -defined as income differences- but "relevant for market segregation" – defined as a specific distribution of individuals (Becker, 1971, p.108).

[41] To use Northrup's example, he published as the director of the Wharton School of Finance Industrial Research Unit a series of collective work on the African American Position in the American industry commended by the Ford Foundation in 1966. Most of the book's analysis was made of occupational position tables.

productivity, notably education.[42] However, his measures minored the widespread idea that in the mid-fifties, African American's had benefited from the postwar economic growth and had raised their conditions of living. African American relative occupational position had always been inferior to that of whites. But since the beginning of the century, their relative position, namely the proportion of African American hired in semi skilled and skilled labor had increased. However, this increase did not mean an improvement in the African American standard of living, for one had to compare this evolution to the white's occupational position to prove that there was an effective decrease in society's – at least in market – discrimination. Whites' occupational position had evolved as quickly as Blacks' position. Becker's conclusion was that discrimination might have not changed for half a century, which clearly strengthened his hypothesis on the taste for discrimination as basis for discriminating behavior.

Just as Becker redefined discrimination as an economic problem, so his study implicitly promoted economic solutions to eradicate it. Becker undermined previous educational prescriptions by economists and social scientists following Myrdal. The educational attainment in the United States had continuously risen since the beginning of the century, but discrimination, as he measured it, remained there.[43] Moreover, African Americans were more discriminated in high skilled jobs. Becker, following Allport (1954), claimed that education could influence only a small part of the taste for discrimination. On the other hand, market competition remained a powerful force to drive out employers' discriminatory behaviors, a result of the cost they had to bear for such a taste. The benefits

[42] In *The Economics of Discrimination*, Becker clearly refers to the concept of human capital. In a footnote, Becker explains why group *W* is assumed to exports only capital as group *N* only exports labor. Actually, group *W* exports skilled work ***and*** capital, but Becker considers "…capital invested in humans as capital and not labor. If it were considered as labor, the assumption that Negro and white labor were perfect substitute in production would be untenable, since whites have more capital invested in themselves than Negroes have" (Becker, 1957, p.28n). It testifies for the idea that the notion was commonly used in Chicago classes before Becker, Schultz and Mincer formalized it in the early 1960s (see also Teixeira, 2005).

[43] This result was related to Zeman's 1955 Ph.D. thesis. His empirical analysis showed that human capital did not decrease the gap between Blacks and Whites income. This confirmed Becker's approach to discrimination, understood as a wage differential between equally skilled workers (see Smith, 1984).

from free market competition, a hallmark of Chicago price theory, were confirmed by Becker's statistical analysis, which showed that market discrimination was stronger in monopolistic industries.

With his first book, Becker bridged the gap between, on the one hand, the need for theoretical research expressed by some social scientists, and, on the other hand, the taste for empirical approach as found in sociology or labor economics. As an innovative contribution with controversial conclusions, the book provoked a variety of reactions.

3. The Reception of *The Economics of Discrimination*

Becker's feelings of rejection were fueled even before he started to work on discrimination, when his paper, which paralleled market competition and democratic competition of political parties, was rejected from the JPE by Frank Knight in 1953.[44] In the early fifties, the economic approach of Becker's mentors was not the University's dominant view it became in the sixties. First, the University hosted the Cowles Commission until 1955.[45] Second, the emphasis on practical issues differentiated Friedman and Lewis from other key figures of the Chicago price theory tradition such as Frank Knight.[46]

Right after Becker got his Ph.D, his dissertation was prepared for publication at the University of Chicago Press as the second volume to a series entitled "Studies in Economics". Becker's manuscript had been reviewed by the Press's Social Science Committee (of which Friedman was a member), the Publication Committee for the Department of Economics

[44] We don't have the actual report, but Knight had stood against the overuse of the rationality assumption as early as the interwar period.
[45] The Commission developed general equilibrium analysis and econometrics under the leadership of Jacob Marshack and Tjalling Koopmans. But its members entered in conflict with Friedman and some others at the Department of Economics, then under the leadership of Theodore Schultz. Eventually the Commission moved to Yale in 1955.
[46] For instance, when comparing Knight's teachings with Henry Simons', Stigler (Stigler, 1973) recalled that contrary to the latter, Knight was never attracted to contemporary issues.

(chaired by Lewis), and two outside readers. The book had been unanimously approved by both committees' (Friedman to Roger Shugg, November 30, 1956, MFPH, Box 20 Folder 30). The Board's did not share this enthusiasm: after reading the reports of the two outside referees, its members expressed doubts regarding the quality of Becker's manuscript (Friedman to Shugg, 17 december, 1956). They decided against publication and, following one of the reports, recommended that the manuscript was published in the form of academic papers (Lewis to Alex Morin, August 29, 1956; Friedman to Shugg, November 30, 1956). Becker (1971) recalled three kinds of criticisms, all concerning the theoretical aspect of the book. First, the use of economic tools to study discrimination was challenged. Second, There was opposition to "as if" reasoning and, more generally, to Chicago economics. Finally, some found that Becker's model lacked noneconomic parameters.[47]

Rejection from the Press caused a movement of support from the department of economics of the University of Chicago. The Board's move was perceived by Friedman as an attack on the members of both advisory committees and an insult to their scientific legitimacy. The rejection was also regarded as a "vote of no confidence in the [Social Sciences] committee" (Friedman to Shugg, November 30, 1956).[48] Regarding the quality of Becker's manuscript, Friedman did not share the Board's skepticism. He thought the book was of major scientific importance and regarded the two outside reports as highly favorable. The book's quality came from Becker's demonstration that discrimination was a "special case of a more general problem –the role of non-pecuniary factors in economic choice—and that economic analysis [was] highly relevant to its understanding" (*ibid.*). Moreover, this novel approach contrasted with "the undisciplined speculation and causal empiricism so common in the social

[47] Becker's account of the reviewers' motivations for the book's rejection are, here, rather vague. We do not have, unfortunately, the actual reviews.
[48] This was not the first clash between the Board and the Social Sciences Committee. Shortly before, the Board had overruled the Committee's decision to publish Simon Rottenberg's manuscript, starting a controversy that raised the "same kind of issues" (Friedman to Shugg, November 30, 1956, MFPH, Box 20 Floder 30).

sciences" which, in turn, explained the small size of the manuscript (*ibid.*).[49] Although not a member of the Chicago department of economics, Stigler also fought the Board's decision by writing a letter in which he urged for the publication of the book (Stigler, 1988). A close friend of Friedman, he had strong ties with the University of Chicago and its tradition of price theory.[50]

These reactions made the Board members reconsider their initial rejection, but they had yet to give their green light for publication. Two additional reports were commissioned, and the Board referred once again to the Social Science Committee for further advice. We don't know if the additional reports were favorable or not, but in January 1957, the Board finally resolved to publish the book.

Overall it enjoyed favorable reviews. It was reviewed in about the same number of economics and sociology journals and among them, leading journals such as *The American Economic Review* (AER), *The American Journal of Sociology (AJS)* and *The American Sociological Review (ASR)*. Most of sociological reviewers were experts of the African American status or discrimination analysts. Among them was Guy Johnson (for *Social Forces*), whose work on African American culture had inspired Myrdal (1944).[51] Likewise, Otis Dudley Duncan (for the *AJS*) was a Chicago assistant professor. Duncan became an important specialist of racial segregation and discrimination in the 1960s. Among economist reviewers, Donald Dewey (for *The Southern Economic Journal*) as well as Herbert Northrup (for the *Industrial and Labor Relations Review*), were known for their work on discrimination. Armen Alchian (for the *American Statistical Association Journal*) and Reder (for the *AER*) were more representative of the quantitative side of economics.

[49] Note that Friedman's opinion on social sciences is probably no less negative than Becker's.
[50] Stigler received his PhD at Chicago in 1938 and was professor at Columbia from 1947 to 1958. He then returned to Chicago as the Charles Walgreen Professor of economics at the Graduate School of Business.
[51] It is difficult to know if Myrdal was asked to review Becker's book. A specialist of Myrdal, William Barber does not know. Anyway, Myrdal never reviewed Becker's book.

Almost all reviews noted the originality of Becker's work and greeted its interdisciplinary flavor. Neither economist nor sociologist reviewers lamented the lack of ethical dimension in the book. They preferred to emphasize the integrated approach that linked theory to empirical evidence. However, the theory and the statistics were emphasized differently by sociologists and economists.

Most sociologists praised Becker's modeling. Though skeptical about the book, Schuessler considered the taste for discrimination as a "tour de force" that led to a highly abstract model of "indisputable strength" (1958, p.108). The concept of the taste for discrimination implying monetary loss was an ingenious way to measure discrimination in economic activity. Johnson, who was linked to the *American Dilemma* enterprise, thought of Becker's book as "an excellent piece of work". Like other reviewers, he liked Becker's integrated approach in which empirical evidence was consistent with the theoretical framework. Johnson was aware of the paucity of theoretical research in the field of racial discrimination and accordingly praised Becker for filling that void.[52] An assistant professor at the Department of Sociology at Chicago, Otis Dudley Duncan was equally impressed by Becker's theory. Duncan had contacts with Becker when the latter worked on his doctoral dissertation. Duncan was familiar with this kind of interdisciplinary work as he had reviewed in 1956 *The Economics of Location* by August Lösh which offered an economic theory of spatial structures that tackled human ecology issues, and in 1957 *Location and Space Economy* by Walter Isard. Although he was sometimes critical of these frameworks that most sociologists were not familiar with, Duncan understood these works as a new and promising way towards a "closer collaboration among scientists" (Duncan, 1957).

Some economists were more impressed with the links between Becker's theory and empirical testing. Writing for a statistical journal, Alchian specifically praised Becker's

[52] In 1950, Johnson had deplored the lack of theoretical generalizations in his review of *Negroes in American Society*, a sociology textbook by Maurice Davie.

ingenuity for measuring "sociological phenomena, in a sense more profound than merely counting how many people do or do not say they have certain taste or preferences" (Alchian 1958, p1048). A member of the Rand Corporation, Alchian was familiar with the economic analysis of a wide range of issues, involving nonmarket phenomena.[53] A research fellow of the interdisciplinary center CASBS in 1956, Reder praised the "ingenious theorizing" but also emphasized the "general quality of Becker's empirical work", and foresaw it would "influence thinking on the economics of discrimination for a long time to come" (Reder, 1958, p.500). For these economists familiar with interdisciplinary work, *The Economics of Discrimination* was a good illustration of economics' power to develop a fully integrated theory from assumptions to tested predictions. This promising feature of modern economics converged towards the new scientific ideals that had emerged in the cold war and that research centers such as Rand or CASBS were encouraging (see, for instance, Amadae 2003).

Becker's statistical findings were considered important. The fact that the status of African American had not improved in comparison with that of whites since the early twentieth century was one of the book's most praised results, for it challenged a commonly held view within the sociology profession. This result was discussed by Reder, who thought that Becker's measurements undermined the idea African American's relative economic progress since the 1940s. Not surprisingly, Becker's analysis of African American occupational positions using statistical tables caught the attention of sociologists. However enthusiastic sociologists were about Becker's theory and general endeavor, they remained more critical of his use of data because of their greater empirical sensibility. Since the interwar period, sociology had recognized the importance of statistics and saw it as a symbol

[53] Becker met Alchian in the summer of 1957 at Rand, where he worked on an economic analysis of the supply curve of men to the military, evaluating the effect on resource distribution of the draft, and estimating "the costs to the military of training their own pilots" (Becker to Lewis, October 8, 1957, GLPD, Box 10). Although he and Alchian shared the same interest in interdisciplinary problems, Becker was much more ambitious. Research at Rand only tackled with what he considered to be "narrow problems" (Becker to Lewis, October 8, 1957, GLPD, Box 10).

of scientific achievement (Shanas, 1945). Most of the time, Becker's data analysis was criticized for being too simple and too naïve (see, for instance, Duncan 1958) and for not taking into account more advanced analyses, notably Turner's. Raw data from the Bureau of the Census was not reprocessed, at least not as much as sociologists would have liked them to be. In other words, most sociologist reviewers found that the book lacked *"the critical data necessary*" (Schuessler 1958, p. 108).[54]

Becker's contribution likewise raised skepticism in the form of two criticisms: economic theory had limitations when dealing with social issues and Becker's theory threatened other approaches in labor economics. For Richard C. Leonard (for the *American Catholic Sociological Review*), discrimination was so multi-causal that only a "broad sociological framework" would meaningfully tackle the issue. The economic framework was far from sufficient for discrimination was believed to result from irrational behavior. Economist Donald Dewey shared this view. In his 1952 article, Dewey had called for an amended marginal utility theory to describe segregation patterns. He seemed however opposed to Becker's theory and "as if" methodology. He criticized the taste for discrimination concept that had "serious limitations" for most of the behaviors involved in the discrimination problem were irrational.[55] Dewey doubted that the model could produce any useful predictions. A taste for discrimination as a fixed parameter prevented from studying the "crucial" question of the evolution of individual prejudice. Interestingly enough, this irrational

[54] Sociologists' criticisms on Becker's statistical analysis are not very detailed. Schuessler criticized Becker because the latter used the data "only to check fairly specific points" or because he simply interpreted the data "in the light of the general theory. For example, the relative number of Negroes in competitive and monopolistic industries in the South […]is used to verify the proposition that competitive industries discriminate less on the average than monopolistic ones" (Schuessler, 1958, p. 92). Most of the time, Becker used simple regression and built simple indexes, contrary to sociologists such as Turner or Duncan, who reprocessed their data in more complex ways, and built much more complex indexes and indicators Despite Schuessler's criticisms, both Becker and the sociologists used the U.S. Bureau of the Census data.

[55] In a premonitory way, Dewey had criticized the understanding of discrimination as a cost: "…cases where employers deliberately sacrifice profits in order to indulge an animosity toward Negroes are extremely rare" (1952, p.287). In his review, he warned economists on the unlimited use of 'as if' assumptions, for "one must take exceeding care in treating irrational behavior *as if* it is rational behavior" (Dewey 1958, p.495).

versus rational behavior distinction was not much emphasized by sociologist reviewers.[56] Other economists (James Duesenberry) used it later as the main criticism against Becker's economic analysis of fertility (see Duesenberry, 1960).[57] On the other hand, from the early fifties, some sociologists wrote papers on game theory as a new promising sociology of conflict (Bernard, 1954), and others like Rose (1957), considered rational behavior as a possible basis for inquiry.

Among all these reviews, only Northrup's stood against the book taking a defensive line. Becker claimed that *The Economics of Discrimination* was the first important analysis by an economist and in so suggested that the contributions by Northrup and others were not economics.[58] Referring to "great economists" such as Schumpeter (one of his teachers at Harvard) and Keynes, Northrup reminded the reader that equations were "alluring", and "the theoretical economists [had] a fundamental obligation to study the facts before presenting a theory as a finished product" (Northrup, 1958, p.298). Northrup had himself suffered from economists' and sociologists' aversion to deal with such a loaded issue in the 1940s, but nevertheless, Becker's work stood for a threatening new trend in labor economics. [59] *The Economics of Discrimination* was part of a broader endeavor to make the field another subfield of neoclassical economics, undertaken by Becker and his Chicago colleagues of the Labor Economics Worskshop. It was another attempt to apply the maximization framework to the study of a phenomenon traditionally studied by scholars who criticized the maximization assumption. This new approach expanded the domain of economics but it likewise narrowed

[56] At least by important sociologists as Johnson or Duncan. Leonard was mostly a reviewer for the *American Catholic Sociological Review*.

[57] Based on the conference book, it is interesting to notice that other papers by demographers who attended the conference actually cite Becker's study, as economists mostly seemed to have patronized him.

[58] The reviewer even quoted Becker to remind the reader that Becker's work was not "the first data available on economic aspects of discrimination against Negroes in the United States" (Becker, 1957, quoted in Northrup, 1958).

[59] As Northrup told Kaufman (1998), he met with the prominent sociologist Wight Bakke at Yale, who told him not to "fool around with this stuff [his work on discrimination]. It will never get you anywhere". According to Northrup, "that was the attitude of a lot of people many of whom "discovered" the race problem in industry after the passage of the 1964 Civil Right Act when it was fashionable" (*in* Kaufman, 1998, p.673).

the diversity of its frameworks. To Northrup, its lack of usefulness was based on “fairly naïve assumptions” and the “failure to consult empirical evidence” (p.298). Moreover, Becker completely neglected the role of unions, thus, the relevance of the institutionalist approach and the “wealth of material in this field” (p.298).

This extension of the use of neoclassical economics was also criticized by Schuessler (1958), who felt that discrimination was a special province of sociology and therefore doubted that economists would follow Becker and “stampede the area of racial and ethnic discrimination” (p.108). Shuessler thought that “economists… [were] likely to respect rather than assail this tradition”, which betrayed his understanding of Becker’s work as sort of an unfair incursion into the domain of sociology. In an empirical paper devoted to the analysis of the deterrent effect of death penalty, Schuessler had criticized what he called “the psychological hedonism” in which “men deliberately [chose] among rival courses of action in the light of foreseeable consequences”, a conception of man which was “not in accord with modern sociology and psychology” (Schuessler, 1952 p. 55).[60]

Yet, this skepticism didn’t overshadow the acknowledged significance of the book. Most criticisms echoed Amerman’s opinion that, “this book [was] by no means in the “popular vein”, and its translation of racial discrimination into economic terms [was] a refreshing challenge to the assumptions of the sociologists and social psychologists” (1958, p.279). Aware of the importance of theoretical work in the field, Dewey acknowledged that “no doubt a cool head should restrain a warm heart” (1958, p.496). Dewey considered the book to be one of the most important books of the year, and Leonard thought that “Becker [had] done a commendable job”.

In the preface to the second edition of *The Economics of Discrimination,* Becker (1971) relegated the references to the book’s encouraging reviews in a footnote, as the main

[60] To Schuessler, sociology and psychology “see human behavior as largely unplanned and habitual, rather than calculated and voluntary” (Schuessler, 1952, p. 55).

text conveyed his disappointment.[61] However, for the historian, the encouraging reviews in which scientists called for more of such interdisciplinary research stand for a key moment in the redefinition of the boundaries of social sciences. It testifies that although Becker's work raised skepticism, it also suggested a new and challenging way of dealing with social issues, which many economists and other social scientists thought stimulating.

4. Becker's Theory in the Sixties

As one of the few theoretical analyses of the economic aspects of discrimination in the late 1950s, Becker's book enjoyed a reasonably good reception in the relatively small community of race relation specialists.[62] The book's visibility reached beyond the traditional academic boundaries. It was favorably reviewed in *The Crisis*, the NAACP journal, and was even cited in a 1960 report for the Association, "The Negro Wage-Earner and Apprenticeship Training Programs" (see Hill, 1960). Later, the book was listed in the bibliography of the Special Subcommittee on Labor of the Committee on Education and Labor on Equal Employment Opportunities, as well as in the 1963 report of the U.S. Commission on Civil Rights.

The book sold reasonably well. In 1957, *The Economics of Discrimination* sold better than Friedman's *Essays on Positive Economics*. However, like for Friedman's book, the sales

[61] Interestingly, this text and many of his recollections stand far away from the marketing arguments printed in the back cover of the book, in which it is said that "[t]he original edition of *The Economics of Discrimination* was warmly received by economists, sociologists, and psychologists alike for focusing the discerning eye of economic analysis upon a vital social problem –discrimination in the market place." This paragraph is followed by quotes from Schuessler's and Reder's review.

[62] A search for the citations of *The Economics of Discrimination* in books, memoranda and conferences collected papers from 1957 to 1963 using Google books results in about 15 citations, 5 of which being sociology books. Jstor indicates that Becker's book was cited in 16 articles, 4 of which are sociology articles. Some citations refer to the measurement of African Americans' relative position; some refer to education; some others refer to Becker's theoretical contribution to pure economic theory.

figures fell dramatically in the following years (Morin, 1966).[63] In 1964, the book had sold a little bit more than 1,700 copies, a figure used by Alexander J. Morin (1966) to illustrate the sales of such specific professional writings. This figure was lower than that of classics such as Edward Chamberlin's *The Theory of Monopolistic Competition*, Joseph Schumpeter's *Theory of Economic Development* and Paul Samuelson's *Foundations of Economic Analysis.*[64] Clearly, Becker's book was not yet considered a classic, and was probably only bought by libraries and specialists in the field. In the meantime, it was considered too specific to be bought by undergraduate and graduate students, unlike Friedman's *Essays* (Morin, 1966, p. 410).

Its visibility notwithstanding, it is debatable that the book had a significant impact on the boundaries between economics and the other social sciences. Economists and sociologists remained focused on the measurement of discrimniation and the discussions on its theoretical aspects remained scarce. As of the late fifties, the sociologist Hubert Blalock (1959) and economists Elton Rayack (1961) and Alan Batchelder (1964) discussed Becker's conclusion on the evolution of African American's relative living conditions. As Blalock found similar results, Rayack's paper was devoted to a comparison between Becker's pessimistic results and Ginzberg's optimistic conclusions drew his *The Negro Potential*. Rayack argued that Becker's use of constant weight indexes, which held the differences in income between Blacks and Whites constant, underestimated the relative progression of African Americans because income differentials had narrowed since the beginning of the century. [65] These questions of measurement were all the more important as the American society of the early 1960s was confronted with social discontent from African American groups. Batchelder's 1964 empirical

[63] The book sold 806 copies in 1957, and then fell to 231 the next year, and reached a floor in 1962, as the book sold 82 copies. The sales of Friedman's book followed the same pattern, as it initially sold 784 copies, but never dropped below 170 copes per year (Morin, 1966).

[64] Chamberlin's book sold a little less than 32,000 copies from 1933 to 1964, Schumpeter's book sold approximately 9,500 copies from 1933 to 1964, and Samuelson's book sold roughly 11,000 copies from 1948 to 1964. Friedman's *Essays* sold roughly 4,000 copies from 1953 to 1964.

[65] Becker himself entered in the debate in 1962 to reply to Rayack, and advocated the relevance of using constant weight indexes (Becker, 1962).

study was directly related to the rise of their protests, since these minority groups often claimed that Blacks' relative position had not evolved from the 1950s. His conclusions were even more dramatic than Becker's, and emphasized a decline in the relative income of black males.

Regardless their empirical content concerning the evolution of Blacks' relative position, Batchelder and Rayack's arguments testified to the changing understanding of racial relations, with economic forces (competition and technological change) being acknowledged an important role in opening job opportunities and reducing discrimination. For Rayack, the improvement of African American's relative position was due to labor shortage and not to a reduction in discrimination (Rayack, 1961).[66] In his 1962 book *Capitalism and Freedom,* Friedman publicized Becker's economic approach to discrimination to a wider audience. Friedman used Becker's conclusions about the benefits of free market competition to argue against Fair Employment Practice Commission.[67] Perhaps a sign of the renewed interest in race relations, the University of Chicago Press faced an increase in the demand for Becker's book in 1963 (Morin, 1966; Becker, 1971).

Becker's approach continued to provoke skepticism. In 1956, Becker met Robert Solow for a job interview at M.I.T. Following the interview, Solow described Becker as a "neoclassical economist" (Swedberg 1990, Becker 2003). Coming from someone who had just reintroduced market clearing into growth theory, the phrase had much to surprise, but for the MIT economist it was merely meant to emphasize Becker's commitment to Friedman's

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[66] Rayack's conclusion regarding the effect of competition on the behavior of employers is very similar to Becker's. Employers "may continue to have the same subjective attitude toward discrimination, yet be unable or unwilling to act accordingly because of extreme shortages in the labor market which make it difficult to hold or attract workers" (1961, p. 212).

[67] "It is often taken for granted that the person who discriminates against others because of their race, religion, color, or whatever, incurs no costs by doing so but simply imposes costs on others. This view is on a par with the very similar fallacy that a country does not hurt itself by imposing tariffs on the products of other countries. Both are equally wrong. The man who objects to buying from or working alongside a Negro, for example, thereby limits his range of choice. He will generally have to pay a higher price for what he buys or receive a lower return for his work. Or, put the other way, those of us who regard color of skin or religion as irrelevant can buy some things more cheaply as a result" (Friedman, 1962, pp. 109-110).

and the Chicago tradition. Moreover, Friedman and Becker's economic views of such a social phenomenon as discrimination were criticized by some reviews of Friedman's book, including Abba Lerner's or Kenneth Boulding's (Lerner, 1963; Boulding, 1963).[68]

According to Brimmer and Harper (1970), the prominence of empirical analysis over theoretical analysis also characterized the study of discrimination from 1963 to 1969. Discrimination remained a subfield problem: most of the papers dealing with discrimination were published in labor economics, agricultural economics and statistics journals. Indeed, the *Industrial Relations Research Association Proceedings* contributed over 17 percent to the papers concerned with racial relations (Brimmer & Harper, 1970). But the economic analysis of minorities was also linked to other aspects of poverty, notably urban problems and education problems, which concerned about 20 percent of the total of the papers (*ibid.p.786*). As the question of poverty and social ills in general became significant in the mid-1960s, there was a renewed interest in discrimination. Accordingly, the citations of Becker's book by economists and other social scientists increased.[69] In the context of the War on Poverty, philanthropic foundations were prone to support theoretical research on discrimination.[70] Economists benefited from this renewed interest, and by the late sixties, the number of economic studies of discrimination began to rise sharply.

Lester Thurow's *Poverty and Discrimination* was an example of the well established links between the two notions in the late 1960s. Thurow rejected Becker's assumptions of a taste for discrimination, and assumed instead that Whites organized in cartels to discriminate against Blacks. Other theoretical criticisms came from Barbara Bergmann (1971), Kenneth Arrow (1972), and Edmund Phelps (1972), who initiated a new economic approach to

[68] Note that Boulding does not criticize Friedman's approach to discrimination per se, but criticized its economic bias, since there are other ways to organize society than the market (love and threat).
[69] From 1964 to 1970, Jstor indicates that *The Economics of Discrimination* was cited by 12 papers in sociology and 38 papers in economics.
[70] A research proposal from Barbara Bergmann to the Ford Foundation clearly supports this view.

discrimination based on the "crowding hypothesis".[71] They assumed that employers used the color of the skin of a job candidate as a proxy for his productivity, which led them to hire Whites instead of others, and fueled back their initial prejudice against minorities.[72]

Those studies renewed with theoretical research after almost a decade of great paucity.[73] They also illustrate the changing nature of the debates: criticisms toward Becker's theory came mostly from mainstream economists, as institutionalism slowly faded from labor economics. In effect, the work of Becker and Mincer at Columbia, as well as that of Lewis at Chicago, contributed to the redefinition of labor economics on microeconomic grounds. Not surprisingly, their students used Becker's framework when addressing discrimination-related problems such as human capital (see Teixeira 2007).[74] However, regarding Becker's approach to various social behaviors, the appeal of the "discrimination coefficient" slowly faded in favor of a more rational choice approach centered on the individual's allocation of time (Becker, 1965). Thus, although *The Economics of Discrimination* played a key role in blurring the boundaries between the economic and the social regarding racial relation issues, and in showing that microeconomic analysis could include non-pecuniary motives, its framework did not ground the subsequent economic approach to human behavior, as Becker or Friedman had initially hoped in the late 1950s.

In the early 1970s, these developments made Becker's book a canonical reference. In 1971, the University of Chicago Press asked for a second edition to the book. Reviewed by

[71] As a sign of changing times, Bergmann's seminal paper on discrimination was supported by a grant from the *Office of Economic Opportunity*, a key institution in Johnson's War on Poverty.
[72] Note that this reasoning is very close to the vicious circle depicted by Myrdal (see above, section II).
[73] During the period 1957-1967, only the work of Anthony Tang (1959), Anne Krueger (1963), and Finis Welch (1967) used Becker's theoretical framework in a published paper.
[74] Becker's empirical findings were used by Lewis' student, Paul G. Keat in 1960, as well as a Columbia student Edwin R. Dean in 1963.

David Collard in the *Economic Journal* in 1972, *The Economics of Discrimination* was then regarded as a "classic".[75]

5. **Concluding Remarks**

Economics imperialism, as it is called today, has shaped the way one understands the relationship between economics and the other social sciences. It is generally based on the idea that economists were primarily interested in theorizing "economic problems while abstracting from social forces" (Swedberg 1990b, p. 13). Until Becker's contribution, it is often argued, economists ignored sociologists. The study of discrimination shows that this is not the case. Psychologists, sociologists and economists took part in the debates. In the wake of Myrdal's work came the idea that discrimination was a moral problem and that its economic effects were to be tackled with the common tools of psychological theory, statistical analysis and descriptive studies. Rather than reviving the dialogue between economists and the other social scientists, Becker developed a new understanding of discrimination as a sheer economic phenomenon. Discrimination was not just a social context in which market behavior took place: it arose from market adjustments and other economic forces. This, in turn, changed the way economists could deal with the problem, with the maximization framework as the relevant frame of reference.

Contextualizing the reception of Becker's book gave interesting insights into the way scholars thought of the relations between economics and other social sciences . To many, given the lack of theoretical content of sociology's analysis of discrimination, the book was considered an important contribution especially as it was not in complete opposition to earlier

[75] Jstor indicates that from 1971 to 1979, a hundred economics papers referred to Becker's book, including Joseph Stiglitz's 1973 survey on the various economic approaches to discrimination. Sociology papers also referred increasingly to Becker's book: 45 of them cited the book during the period.

work on the subject. In discussing important theoretical and statistical findings, it could appear as an illustration of the scientific achievement that postwar social sciences hoped to reach. It was also an illustration of the evolution of economic theory after World War II, with the gradual decline of pluralism and the concomitant strengthening of neoclassical economic theory (Morgan & Rutherford, 1998). Part of the disagreement with Becker's ideas can be seen as a reaction to the emergence of microeconomic models based on the maximization assumption as an expression of scientificity. At the same time, some economists were enthusiastic about its demonstration of the explanatory power of economics.

This broader picture sheds a new light on the confused history of the book's reception. There seems to be confusion between the idea that *The Economics of Discrimination* was the first attempt to use microeconomic tools to study discrimination and the idea that it was one of the first studies on such a topic by an economist. In addition, some comments overshadowed the good reception and high visibility of the book, because it did not immediately stimulate a new trend in the theoretical analysis of discrimination. It is fair to say that beyond the skepticism of some economists, the paucity of subsequent analyses based on Becker's framework can be explained by the changing historical context. Economic theories of discrimination really emerged in the wake of the Great Society's project, a decade after Becker's book. Thus, the impact of *The Economics of Discrimination* on the boundaries between economics and the other social sciences remained only indirect and limited to the discrimination phenomenon.

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