Becker Reaction

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Today we take the thoughts of Gary Becker for granted. Personally I am always thinking about what the best value is for my time and how I can maximize my own personal utility by how I schedule what I am going to work on. It is thought-provoking to think that people didn’t used to think that way. Economics in general can be thought of like this – today we have so many more tools to predict the future. This allows us to make better choices about the long run. I was reading an article in The Economist today about prisons in Latin America. People are loath to spend more on prisons, but it may actually decrease long term costs to society. This fits in with Becker’s theory of altruism – that people actually do it because it is in their own long term interests.

One of Becker’s famous examples is the cost of parking in an illegal, but nearby spot versus a legal, but far away parking space. He weighed the cost of a ticket and likelihood of getting one against the extra time. This is similar to public transit in Europe. In Europe, most busses and trains do not check your ticket when you board, instead they have occasional inspections. By weighing the frequency of inspections and the cost of a fine against the daily ticket cost, a person may very well calculate it is better to go without a ticket. I remember taking the bus every day and keeping track how often an inspector came. I think an inspector came about every 20 trips. At 2 Euros per trip, this was about equivalent to a 40 Euro fine. However, I still bought a ticket out of principle, which Becker acknowledges is a non-economic sociological perspective. In addition, I have trouble seeing how this model extends to more serious crimes such as rapes and murders where the penalties are quite high.