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George Stigler's Career Moves: the roles of contingency, self-interest, ideology, and intellectual commitment.

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Abstract:

George Stigler is commonly seen as one of the central figures in such a Chicago School of Economics. However, he did not actually take a faculty position at the University of Chicago until the age of 47. This essay will provide a narrative account of George Stigler's various career transitions from graduate school through his "retirement." This narrative structure will be employed to bring out what archival material implies about a number of general themes regarding Stigler's career. Particular attention will be devoted to the 1946 episode in which Chicago failed to make him an offer and the 1957-8 episode in which W. Allen Wallis successfully induced him to take over the Walgreen Foundation and Walgreen Professorship. A first theme considered concerns the role of contingency in Stigler's academic appointments. A second theme concerns the intellectual

diversity of the academic milieus in which Stigler operated counter to the conventional view of a monolithic free market focused Chicago school. A third theme concerns the extent to which Stigler was a partisan or a scientist in his academic endeavors and whether he viewed the economics profession as more swayed by the social environment of its times or whether it made independent scientific and intellectual contributions to social policy. A final theme will concern the extent to which Stigler as Nik-Kah has suggested was an empire builder, especially during his tenure as Walgreen Professor of American Institutions and then in establishing the Center for the Study of the Economy and the State. Brief consideration is also given to the issue of how to reconcile these contrasting if not conflicting features of Stigler's career.

George Stigler is commonly associated with the Chicago School of Economics and is generally seen as one of the central figures in such a school (See Nik-Kah 2011, p. 116;) . However, he did not actually take a faculty position at the University of Chicago until the age of 47. Although his time there as a faculty member of 23 years occupied the largest part of his academic career (and admittedly 30 years plus if one includes his time after stepping down from the Walgreen Professorship) he had previously spent 22 years at other institutions. Moreover, his return to Chicago was by no means inevitable. Not only was the first serious attempt at bringing him to Chicago spurned by Chicago's central administration, the Economics department had reluctance in at least one subsequent attempt and Stigler himself then turned down multiple subsequent attempts to get him to return. The final successful effort originated from the Graduate School of Business not the Economics Department. Examining the factors behind this circuitous return to his graduate school alma mater provides perspective both on the diversity of views present in the Economics department at Chicago at various points in time and on the evolution of Stigler's own aspirations and loyalties.

This essay will provide a narrative account of George Stigler's various career transitions from graduate school through his "retirement" (he was in fact quite active in both scholarly and organizational activities after stepping down from the Walgreen Chair). This narrative structure will be employed to bring out what archival material implies about a number of general themes regarding Stigler's career.

A first theme concerns the role of contingency. Chance appears to have played central roles in his initial academic appointment at Iowa State, in the abortive attempt to recruit Stigler to Chicago in 1946, and the successful attempt to recruit him to the Graduate School of Business in 1958.

A second theme concerns the intellectual diversity of the academic milieu in which Stigler operated counter to the conventional view of a monolithic free market focused Chicago school. Heterogeneity was certainly characteristic of the Chicago department in 1946 that failed to make Stigler an offer. But it was arguably true of the Chicago department in the early to mid-1950s that did make Stigler an offer which he declined. And his decline of Chicago offers also points to his mixed loyalty towards both Chicago and his academic home for about a decade, Columbia University.

A third theme concerns the extent to which Stigler was a partisan or a scientist in his academic endeavors (see Nik-Kah 2011, pp.117-18) and whether he

viewed the economics profession as more swayed by the social environment of its times or whether it made independent scientific and intellectual contributions to social policy. The view taken here is that Stigler probably saw both partisan elements and scientific endeavor in play in the profession of economics as suggested by both his own written statements and by his organizational endeavors. Stigler (1983, 533) recognized the possibility that economists like all self-interested agents have responded to the environments in which they have found themselves, yet he also noted that “A science required for its very existence a set of fundamental and durable problems.”

He states in his essay “The Intellectual and the Market Place” (p.92):

“I have seen silly people –public officials as well as private, by the way --- try to buy opinions but I have not seen or even suspected cases in which any important economist sold his professional convictions.”

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Stigler did think Economics was a science (see Stigler 1982/83, 35:

“Please do not read into my low valuation of the importance of professional preaching a similarly low valuation of scientific work...The most influential

economist, even in the area of public policy, is the economist who makes the most important scientific contributions.”

A final theme will concern the extent to which Stigler as Nk-Kah (2011, p.117) among others (see Fourcade and Khurana 2103) was an empire builder, especially during his tenure as Walgreen Professor of American Institutions and then in establishing the Center for the Study of the Economy and the State (Wallis 1993). A review of both Stigler’s management of the Walgreen Foundation and his years with the Center for the Study of the Economy and the State suggest that the breadth of Stigler’s intellectual interests and his collegiality offset any empire-building proclivities. A related issue concerns the role of personal and institutional loyalties throughout his career; at various points they were notably present and at others notably absent.

While the essay will survey Stigler’s entire career, particular attention will be devoted to the 1946 episode in which Chicago failed to make him an offer and the 1957-8 episode in which W. Allen Wallis successfully induced to him take over the Walgreen Foundation and Walgreen Professorship.

Iowa State and Minnesota.

Stigler's first faculty appointment was in 1936 at Iowa State College, its name then, in the Department of Economics and Sociology. The chair of the department at this time was T.W. Schultz. According to Stigler's account in his memoirs, this job only opened up after Homer Jones, his classmate from Chicago turned down the position. Indeed Stigler claims he told Jones that if the latter had accepted the Iowa State post, Stigler would "probably have become a Seattle real estate dealer." (Stigler 1985p.39). However, Frank Knight's recommendation letter to Schultz indicates that Knight recommended Homer Jones only after Stigler indicated to Knight that he was not interested in the position; and Knight indicates that Stigler subsequently changed his mind:

"I do want to write to you about the man who was first on my mind before, and whom I believe I did mention, namely George Stigler. He is the man I thought would be most interested in your prospective position, and perhaps most suitable for it, but at that time he did not wish to be considered. Now, however, he has changed his mind."

Knight describes Stigler as follows:

“He is distinctly a theorist, in the general price theory sense, and is one of the very few very best who have ever worked with me. He now reads German quite competently, and uses mathematics far beyond my own ability to do so...In comparison with Jones I would say that Stigler’s interests are slightly more along purely intellectual lines, but he also takes an active interest in questions of public policy, has already spent some time in Washington, “New Dealing,” and expects to go into some of the government departments if a satisfactory teaching position does not open up. I do not know of his having any special interest in agricultural economics, except possibly the forestry branch; his father is a lumber man in the Northwest.” (A copy of Knight’s letter was kindly provided by Stephen Stigler).

Knight’s characterization of Stigler as having engaged in “New Dealing” presumably refers to an episode Stigler mentions in his memoirs (Stigler 1985, p.52) in which he mentions that he spent part of 1935 in Washington as an assistant economist in the National Resources Planning Board. He describes his assignment as “to help estimate the portion of the benefits of federal works that might properly be charged against state and local governments because of the local benefits they received.” One should also note that Knight’s characterization Stigler’s father as a lumberman seems at odds with Stigler’s

account in his memoirs of his father's career as a brewer and then in real estate (Stigler 1985, pp.9-10).

Stigler spent two years at Iowa State primarily finishing his PhD dissertation (Stigler 2009, , p 83). When Schultz was subsequently department chair at Chicago and Stigler's name came up on the short list of faculty candidates in 1946, Schultz only ranked Stigler

4th out of 5 on the short list. And D.Gale Johnson, who Stigler mentions as one of his students at Iowa State ranked Stigler only 4th out of 5 on his short list rankings as well. Friedman in his correspondence with Arthur Burns reports that in early 1946 negotiations to hire Stigler, Knight thought Schultz was only lukewarm about hiring Stigler and that Knight did not trust Schultz on this. ⁱ

Thus, in his deliberations over accepting his first academic appointment, Stigler appears to have displayed some ambivalence about pursuing an academic career. And subsequently his then Iowa State colleagues and students appear to have displayed some ambivalence about Stigler.

Stigler (1985) notes that he had both good colleagues and good students at Iowa State (including D.Gale Johnson as a student), but that just as he was getting established there, he met Frederic B. Garver at a meeting of economists in Des Moines and Garver invited him to take an appointment at the University of Minnesota which Stigler accepted. Stigler indicates that a possible rival for

his position at Minnesota was Oskar Morgenstern. Alvin Hansen had just departed Minnesota for Harvard before Stigler's arrival. Stigler lists Garver, Francis Boddy, and Arthur Marget as his closest colleagues. While he rose through the ranks as Assistant, then Associate, and then Full Professor at Minnesota not officially leaving until 1946, he spent the years 1942 to 1945 on leave first at the National Bureau of Economic Research and then with the Statistical Research Group at Columbia University doing military related research.

Stigler's correspondence while at Minnesota shows that he did lobby for a faculty position for Milton Friedman at Minnesota in 1945, after Friedman's difficulties with an appointment at U.of Wisconsin. (see Stigler's correspondence with Arthur Burns; Arthur F. Burns papers, Duke, Rubenstein Library, Box 3, George Stigler correspondence file). Friedman in his memoirs (Friedman and Friedman 1998, p.147) also acknowledges Stigler's role in securing an appointment for Friedman at Minnesota.

In 1941, Yale appears to have made an effort to recruit Stigler. In an April 21, 1941 letter to Stigler, W.Allen Wallis who had recently been teaching at Yale, strongly discouraged Stigler from moving from Minnesota to Yale. Wallis acknowledged that Yale would likely pay more than Minnesota and that Yale had considerably more "social prestige" than Minnesota. However he also

thought that so much of the Economics faculty at Yale were “dead timber (not old timber, unfortunately, so there is no possibility of making any material progress in clearing away the debris within the next decade.)”.

The sub-text of the correspondence between Stigler and Wallis in 1941 would seem to be that they both put a premium on having intellectual stimulating colleagues and on academic achievement rather than social prestige or generous compensation. By the mid-1940s, Stigler clearly seems to have been aspiring to a position in the top tier of economics departments.

The abortive effort to recruit Stigler to Chicago in 1946ⁱⁱ

By 1945, Stigler was clearly on the radar screen of the Department of Economics at Chicago as a potential hire as the department was seeking to build up its own faculty. His name is one of the 20 economists on a list of “of possibilities for new appointments” in a 1945 strategic planning memo on postwar plans for the department of economics at Chicago prepared by then chair Simeon Leland. Among others, John Hicks and W.Allen Wallis are also on this top 20 list, while Milton Friedman is only on a followup list for possible joint appointment with an Institute of Statistics and Friedrich Hayek and Paul

Samuelson only warrant mention as possible visiting appointments.

Interestingly, Stigler's fields are listed in this document as "Theory and Foreign Trade."

Henry Simons, in an August 20, 1945 memo to Leland gives higher priority to hiring Friedman over Stigler, but he strongly favors hiring Stigler as well:

If Lange is leaving, we should go after Milton Friedman immediately.

It is a hard choice between Friedman and Stigler. We should tell the administration that we want them both (they would work together excellently, each improving what the other did), Friedman to replace Lange, Stigler to replace Knight and to be with us well ahead of Knight's retirement.

In early 1946, when Chicago's department faced having to replace the departing Jacob Viner and more generally build up its faculty in economic theory, Stigler's name featured prominently in deliberations. In Mitch (2016), I argue that Chicago's Economics Department at this time was split between two factions. Frank Knight led one faction. Knight saw Stigler as the natural successor to Viner and Knight in taking over the teaching of Economics 301, the department's core

graduate price theory course. Jacob Marschak led the other faction which included his Cowles Commission colleagues. They favored someone with a more technical approach to economic theory such as John Hicks or Paul Samuelson. The following provides further detail on how this disagreement played out as it relates to Stigler.

Henry Simons and Frank Knight both issued memos supporting the ready appointment of Stigler:

Memo that can be ascribed to Simons:

Viner also urges, as I have long urged, that we move promptly to get George Stigler and Milton Friedman (both now at Minnesota). Viner regards Stigler as the ideal person for Economics 301; Knight regards Stigler as be far the best person to take over Knight's courses at, and partly before, his retirement. The complete agreement of Viner and Knight on the Stigler appointment should, I think, be decisive. Action in this case seems urgent; Stigler would not be hard to move from Minnesota; but he is likely soon to be offered posts from which he might not be easy to move.

Frank Knight in a January 31, 1946 memo to absent department faculty stated:

On the theory side, Viner suggests George Stigler, but he is opposed by a minority of the group in favor of J.R. Hicks.

However, Jacob Marschak of the Cowles Commission and John Nef, a rather heterodox presence in the department were far less enthusiastic about a faculty appointment for Stigler.

Jacob Marschak in a counter memo to Knight's and dated Feb. 1, 1946 also to absent faculty states:

“my impressions differ somewhat from those of Knight.

This applies in particular to the question of the relative merits of Hicks and Stigler. My impression is that, while granting that Stigler would be a good teacher of the course 301, there was little disagreement on the superiority of Hicks as a leader and discoverer pushing the frontiers further; and there was evidence of Hicks having been a very inspiring teacher when at the London School. My impression was therefore that Hicks was regarded by some of us as the man to be put at the top of the list, or possibly after Robbins, the latter's

assets being those of an all-round man, a charming personality and an experienced practitioner of international economic policy.”

John Nef was noticeably even less impressed by Stigler than Marschak. In a Feb. 5, 1946 letter to Knight, Nef states:

I do not profess to have a profound grasp of economic theory, but I have had as students—and have to some extent followed the careers of—Messrs. Friedman, Hart and Stigler. I have no hesitation in saying that none of them can be regarded as satisfactory to replace Viner. They not only lack his intelligence and drive; they have no real conception of the meaning and value of careful historical scholarship, which he understood and practiced; nor are their interests in knowledge anything like as broad as his. In short they are simply not up the same street, as the English say. I write not to disparage them. They are very pleasant, bright young men, and excellent material for Oberlin, Columbia or Northwestern.

Department vote and rankings. Records of the actual department vote in early February indicate that Stigler was strongly preferred by Frank Knight and

colleagues associated with him. Lloyd Mints and H.Gregg Lewis along with Knight all ranked Stigler first of five finalists (the others being Milton Friedman, Albert Hart, John Hicks, and Paul Samuelson). And Simons ranked Stigler equally with Friedman and Hart, giving all three 2's and no one 1's. However, others ranked Stigler considerably lower. Only Jacob Marschak ranked Stigler in last place, but Hazel Kyrk, D.Gale Johnson, T.W.Schultz, and Robert Burns all ranked Stigler as 4th out of 5. Interestingly, Tjalling Koopmans who had strong ties with Marschak on the Cowles Commission, indicated in his rankings that he had insufficient knowledge of Stigler to rank him.

John Nef, Paul Douglas and Oskar Lange were all absent from the Feb. 11 1946 meeting but in submitting their rankings in absentia, Nef declined to rank any candidate as acceptable except Hicks, while Douglas ranked Stigler as 4 out of 5 and Lange as 5 out of 5. At a Feb. 14 meeting, when the results of the absentees were considered, Stigler, Friedman, and Samuelson were all perceived as close together in the rankings and further voting showed that Stigler ranked first of the bottom three followed by Samuelson and then Friedman at the bottom. At the Feb. 14 meeting, the department approved offers to Hicks, Hart, and Stigler.

Hicks and Hart turned down their offers. Stigler visited Chicago to meet both with department faculty and with central administration. However, as Stigler himself has reported, when it came time for Stigler to interview with administrators

in Central Administration, the Chancellor, Robert Hutchins was sick with a cold that day and so the President, Ernest C. Colwell interviewed Stigler instead. Stigler reports that Colwell thought that Stigler was too empirical. However, Colwell's notes as reported to Hutchins suggest a different perspective:

In a February 22, 1946 memo to Hutchins, President E.C. Colwell states the following about his interview with Stigler:

“Schultz brought in George Stigler in Economics. He was educated here in classical theory economics. He has moved towards empirical economics since. He is well educated. He is intelligent. But he is not brilliant for my money and I think he lacks the drive of either Viner or Schultz or the really strong men in the field.”

In an April 9, 1946 letter to W. Allen Wallis, Friedman states about the Stigler interview with Colwell:

“I got from Schultz indirectly the impression that George may have misread Colwell and have taken some remarks he meant ironically and to draw George out as serious.”

Friedman had noted to his mentor Arthur Burns in an earlier letter dated March 3, 1946:

The main possible source of a slip lies in with George's case. George was down a week ago. Unfortunately Hutchins was sick, so George saw Colwell (the President---also present at my interview at which he said not more than 10 words) & Gustavson (Vice-Pres.). Apparently, he performed very badly from their point of view--& gave them such a strong negative reaction that it is very doubtful they will agree to his appointment. Schultz told Knight that he felt now that a direct request for approval would meet with a direct refusal & would kill it for good, & beyond he was very reluctant to make the request. Kn. feels it should be pressed, & is very likely, one way or another, to go direct to Hutchins. I don't know what should be done. Knight suspects Schultz of being lukewarm to George & doesn't trust him. The thing is an awful mess, which is, of course, terrible for George, as well as for his supporters down there, of whom Knight is the chief. And it does seem as if the clear wish of the Dep't ought not to be vetoed on the basis of a half-hour's chat.

Mints & Simons feel that George's case has no connection with mine, that both appointments can, and so far as the dep't is concerned, would be made. George & I feel that Schultz was compelled to call me so hurriedly because he was counting George out & I was the next on the list to take over the work in theory. The most probable interpretation seems to me to be that that was why he called me; but that, having called me & gone so far as to get administrative approval and having been pretty well sold on me himself (I had never met him & again, I'm citing Kn.& Mints on his having been sold) he would be very likely to go ahead on me even if George's were to come through.

As is well-known, after the Central Administration refused to approve Stigler for a position an offer was made to Friedman. Stigler (1985, p.40) quipped "So the professorship was offered to Milton Friedman, and President Colwell and I had launched the Chicago School."

Thus a major chance factor in Stigler's career at this stage turned out to be intervention by Chicago's Central Administration, an act that can be attributed to the accident of which administrator happened to interview Stigler on his campus visit. However, as well as the role of chance, the episode also underscores the ideological heterogeneity present in Chicago's department at this time. But it

should also be noted that Stigler was clearly the favored candidate of his graduate school mentor, Frank Knight, as well as by two of Knight's colleagues.

Stigler at Brown and Columbia

Though by 1946, Stigler was a full professor at Minnesota, he decided to leave for an appointment at Brown. He only stayed there one academic year. During Stigler's first term at Brown in Autumn of 1946 he was also teaching at Columbia, commuting from his home in Providence (Hammond and Hammond p. 149, note 56). In a Nov. 1946 letter Stigler to Friedman, (p.42 of Hammond and Hammond) he explains why he might have been interested in leaving Brown:

“”Brown is very pleasant. The only, but big, defect is that there isn't a single really good person on the faculty and not a single really good student.”

And correspondence between Stigler and Friedman that same fall suggest that Stigler was angling for a full-time position at Columbia

Stigler to Friedman, November, 1946:

p.42, “There was a meeting to pick a successor last week, with Arthur conjecturing that he and Angell (for me) would be outvoted by Clark, Goodrich, and one other (Haig?) (for Hart). Apparently he argued well, and Goodrich arranged a lunch this Wed for me to meet the econ. Dept, which I did (yesterday).(Hammond and Hammond 2006, 42)

Friedman to Stigler, December 2, 1946:

“I’m delighted to hear about the turn at Columbia. Arthur told me that his tactics were to work for two app’tments & it looks as if he may have succeeded. I would, of course, have been even more delighted had you gotten the first offer as you so clearly should have. But I had gathered that was extremely unlikely & was afraid nothing at all would come through. “
(Hammond and Hammond 1946, 47).

In December, of 1946 Stigler was offered a professorship in the Economics Department at Columbia, confirmed in a further letter dated February 21, 1947 both from Carter Goodrich, Executive Officer of the Department of Economics.

His appointment was effective July 1, 1947 at a salary of \$8250 per year (Stigler papers, addenda, Box 46, 2016-279, Correspondence on the move from Columbia to Chicago)

According to a memo by T.W. Schultz to R.W. Tyler, Division of Social Sciences at the University of Chicago dated May 15, 1947, Milton Friedman was offered an appointment at Columbia which according to Schultz was sufficiently attractive that “it will be necessary for us to advance his salary substantially to induce him to remain.” Schultz recommended a salary of \$7500. Friedman’s starting salary in 1946 was \$6250 a year and Friedman indicates that he considered that relatively high since his starting salary at Minnesota the year before had only been \$3500 (Friedman and Friedman 1998, 186). Friedman attributed his high Chicago salary to the notorious 4 E contract Chicago required all faculty to sign at that time, by which any outside faculty earnings would revert to the university.

So there was a real prospect that Friedman and Stigler could have been reunited at Columbia rather than Chicago. In a letter dated July 11, 1947, Stigler to Friedman states:

“Naturally I’m disappointed at Columbia’s delay, but I’ll continue to hope.”

(Hammond and Hammond 2006, 59)

Hammond and Hammond (2006, 6) indicate the delay did refer to Columbia's offer to Friedman. Possibly Columbia was not offering Friedman as much as Stigler. Stigler's Columbia salary seems to have been relatively high. Columbia hired Stigler as a full professor while Chicago hired Friedman only as Associate Professor. This may reflect that at that point, the profession considered Stigler a more established scholar.

In contrast to his comments on Brown, Stigler seems to have been an admirer of Columbia University both prospectively on joining its faculty in 1947 and retrospectively. In his 1985 memoirs, (p.42), he stated

“When I came to Columbia University in 1947 I felt that I was joining one of the truly great universities, as indeed I was.” {the following sentence does state however, “The next decade, however, was not one of progress for Columbia.”). He does go on to observe (p.43), “The Columbia I came to, in any event, was a great university with a strong and varied faculty in economics.”

Stigler's decisions to move to Brown and then Columbia seem to have motivated by academic, intellectual considerations rather than ideological ones, at least so the material just reviewed would suggest

Further abortive efforts to recruit Stigler to Chicago in the early 1950s reflecting reticence of both parties.

The Economics Department at Chicago deliberated over offering a position to Stigler a number of times in the early 1950s. The first episode, as recorded in Economics Department faculty meeting minutes, was in 1950. Along with Stigler, the department also considered Abba Lerner, Kenneth Boulding, Leonid Hurwicz, Kenneth Arrow, and Lawrence Klein. There was apparently no great enthusiasm for any of these candidates including Stigler. Department minutes for its May 30, 1950 meeting state that:

“Several members of the Department stated that none of these men had all of the qualities sought: a good mind reaching out fruitfully in new directions in economics. It was agreed, however, that there were no likely candidates possessing these qualities in a high degree.”

A poll taken at the meeting indicated that Stigler was the one candidate that did not have more votes against than votes in favor, but even for him, votes were evenly split at 6 in favor of an appointment and 6 opposed. On further polling of these absent, Schultz found the same split and he himself abstained from voting to break a tie on grounds that support was not strong enough to advance any candidate for approval by the administration. (Department minutes, June 6, 1950). Interestingly, the department approved Schultz' proposal to request a one year visiting appointment for Gunnar Myrdal (Department minutes June 6, 1950).

From Dept. of Econ records, Box 41, Folder 2.

By mid-1951, there was a stronger meeting of Department faculty minds much more clearly in favor of a permanent appointment for Stigler in comparison with alternatives. Minutes of a May 23, 1951 faculty meeting indicate that:

“Schultz reviewed briefly the discussion of he Spring, 1951 which had led to two slates of candidates, with George Stigler clearly heading one slate and Lerner and Hurwicz the other. The Central Administration, Schultz, said, was now prepared to finance a full professorship with tenure, the resources to be used for continuing the tradition of Professor Knight. “

Then at a May 28, 1951 faculty meeting Under the Heading Major
Departmental Appointment:

“Schultz corrected the impression held by some members of the Department that a chair is being established in honor of Professor Knight and that the appointment under consideration was to fill such a post. The post in question, he said, was that of a full professor with tenure and the field of candidates was open.”

In voting at that meeting, Stigler secured 8 first place votes compared with only 1 for Arrow and 3 for Lerner with 0 first place votes for Hurwicz.. A motion was passed authorizing the chairman to negotiate with the Central Administration the appointment of Stigler as a full professor with tenure. The vote of the members present was nine for the motion and four against the motion; the vote of the absent members was [blank].ⁱⁱⁱ

While the vote of those present was substantially in favor of an offer to Stigler, there were 6 faculty reported as absent. Mints who was absent would almost surely have voted in favor of an offer to Stigler; he had ranked Stigler number 1

in the 1946 vote that brought in Friedman. Nef may have been the most likely to have cast a negative vote. In any event, there was substantial opposition among those present but the offer went through all the same.

Both the May 30, 1950 vote and that of May 28, 1951 suggest there was not overwhelming consensus supporting an offer to Stigler. Thus it is of interest to consider the particular faculty who participated in each vote.

May 30, 1950 minutes show that those in attendance included T.W. Schultz, R. Burns, D.G. Johnson, E.J. Hamilton, F.H. Knight, L. Metzler, R. Blough, F.H. Harbison, A. Rees, H.G. Lewis, T. Koopmans, J. Marschak, M. Friedman.

Those absent included H. Kyrk, P. Thomson, L. Mints, J. Nef, and R. Goode.

May 28, 1951 minutes show that those in attendance included: T.W. Schultz, D.G. Johnson, M. Friedman, H.G. Lewis, F. Harbison, E. Hamilton, F. Knight, L. Metzler, G. Tolley, J. Marschak, A. Rees, H. Kyrk, T. Koopmans.

Absent: J. Nef, P. Thomson, B. Hoselitz (out of city), R. Blough (on leave), L. Mints, R. Goode. The clear Stigler supporters from the 1946 vote present in both the 1950 and 1951 votes would have included F. Knight, H.G. Lewis, and L. Mints. Presumably M. Friedman would also have been strongly in favor of an offer to Stigler. This constitutes only 4 out of some 18 faculty potentially voting on this appointment. One would anticipate that Marschak and

Koopmans would have been at best lukewarm about an appointment for Stigler and would have strongly preferred some of the alternatives under consideration such as Arrow or Hurwicz. This still leaves some dozen faculty whose votes and rankings could have gone in various directions and thus points to both the diversity within the department and the role of chance in determining voting. The changes evident in the composition of faculty in the two years was that Robert Burns, an industrial relations specialist was present at the meeting in 1950 but was not listed as either present or absent in 1951, while Bert Hoselitz was not listed as either present or absent in 1950 but was listed as absent in 1951. Burns only ranked Stigler 4th out of 5 in 1946, so his departure presumably enhanced Stigler's ranking but it is not evident how Hoselitz, a wide ranging generalist who combined interests in economic sociology with economic development would have voted. This lack of any evident major shift in the composition of the department despite a clear shift in support for Stigler further underscores its diversity.

Stigler turned down both this offer and a subsequent one by the Chicago department in 1954, deciding to stay at Columbia. In his correspondence with Friedman, the reason he cited for his 1951 decision was financial sacrifice entailed of giving up his NBER earnings and for his 1954 decision, the difficulties of uprooting his family to move from New York to Chicago. He

notes in both instances that the decision was a difficult one for him given the attractions of having Friedman as a colleague. Nevertheless, he indicated that in both instances the professional advantages of returning to the Chicago department were not strong enough to outweigh the other considerations. In his letter of June, 1951 to Friedman he states:

On the professional side, it may be that the balance is ambiguous. There is no one whose advice and company I value more than yours, but there are few other great attractions in the present Chicago economics department. I'm not the least bit inclined to boast of Columbia, which has a fine assortment of damn fools, but the N.B. crowd --if one may average a universe ranging from Arthur to Mills---has a lot of sense and knowledge. Arthur has perhaps too strong a desire to formulate a program of research --- the thing which, if successful, is called an architectonic sense—but I wouldn't want to go beyond this. And if I can formulate a really significant study, I'm confident he'll further it.

This decision is most unhappy in that it disappoints good friends and does not elate me. It seems fundamentally improper for us to be at different schools and I don't like to continue the impropriety. But so be it.

(Hammond and Hammond 2006, 124)

In his Oct. 19, 1954 letter he states:

To return to your letter, I do not think it probable that at present I would accept a generous offer—as the last one was—at present.

Nor do I think that you should delay a decision when the rewards of that delay are estimated so low. (Quite aside from myself, however, I see no reason why Chicago should make any hasty decisions in any area---a year or two is nothing in the life of a famous department of economics.)

Whether it is necessary or not, I should like to add that these latter paragraphs are not easy to write: there is no one anywhere I would rather have as a colleague than you, and no one soon at Chicago who I would not enjoy as a colleague. Since I cannot say as much of Columbia, I should be logical in my conclusions and actions. If I am not, it is because I am loathe to uproot a family for less than major professional preferences. It is not reassuring to me that the writing of this letter leaves me less confident I am acting properly than I was when I started!

(Hammond and Hammond 2006, 133).

It thus appears that as of 1954, Stigler did not view “the major professional preferences” associated with a move from Columbia to Chicago as sufficiently strong as to warrant moving his family. Was lingering resentment about the collapse of Chicago’s 1946 offer a factor as well? I have found no documentation to support this, but then lingering resentments may be especially difficult to document.

Stigler and the Walgreen Foundation.

In the early 1930s concerns were raised by Chicago businessmen that University of Chicago faculty were advocating communism and socialism. The activities of Paul Douglas, professor of economics, drew particular attention. (Boyer 2015, pp. 262-267). In early 1935, Hamilton Fish III, a congressman from New York, further reinforced such concerns in a national radio broadcast. In his talk, Fish charged that the University of Chicago was one of a number of prominent universities that were “honey-combed with Socialists, near-

Communists, and Communists, teaching class hatred, hatred of religion, and hatred of American institutions, including the American flag.” (Boyer 2015, p. 267; Mayer 1993, 147-149). The controversy was brought to a head when in April of 1935, Charles R. Walgreen, founder of the eponymous drugstore chain, wrote to Robert Maynard Hutchins, President of the University that he was withdrawing his niece, Lucille Norton, from the University. Walgreen had become alarmed after conversing with his niece, who was staying with Walgreen while attending the University. His niece implied that in her classes at the university she encountered advocacy of communism as well as the views that the family as an institution was deteriorating in America and that free love was an acceptable life style. (Boyer 2015, pp.268; Mayer 1993, pp.153-165.)

The Illinois State Senate appointed a special committee to investigate “the subversive communistic teachings and ideas advocating the violent overthrow of the established form of government of the United States and the State of Illinois” in “certain tax exempt colleges and universities in the State of Illinois.” The committee held hearings in April and May of 1935. The committee voted to exonerate the University by a vote of 4 to 1 (Boyer, History U of C. p.269). In 1937, Charles Walgreen made a donation of \$550,000 to the University to “promote familiarity with the American Way of Life” thus establishing the Charles R. Walgreen Foundation for the Study of American Institutions. The

memo on the letter of gift, states that it is “for the purpose of providing instruction in and extending the field of knowledge concerning the history, development and current state of American institutions.” (Stigler papers, Box 3, folder on Walgreen Foundation, History).

Whether or not there was any official statement that the donation was an act of penitence by Walgreen for previous charges of subversive teaching at the university, at least one historian of the university has interpreted it as such (Boyer 2015, 273). An obituary biography of Walgreen simply states regarding the donation:

“Personally, he was a quiet modest man with a deep and abiding faith in the principles of democracy. To help spread a deeper understanding of the American way of life (in which he fully believed) he contributed \$550,000 to the University of Chicago in 1957 to establish the Charles R. Walgreen Foundation for the Study of American Institutions.” (Walgreen Foundation Papers, Box 3, Folder 12).

This obituary makes no direct mention of the controversy with the University involving his niece. The same is true of the statement about the Walgreen Foundation in the finding aid to its papers at the University of Chicago

Libraries.^{iv} Interestingly, in his 2016 piece, Boyer focuses on the hearings involving Walgreen's niece and does not mention Walgreen's subsequent donation as an aftermath to this episode in contrast with his 2015 history of the University cited above.

During the 1940s and early 1950s, the Walgreen Foundation funds were used to fund visiting lecture series and to fund specific projects of existing faculty. By February of 1954, Morton Grodzins, as Dean of the Social Sciences Division was endeavoring to shift use of the Walgreen Foundation funds to "support a long-term integrated program of instruction and research" under the broad category of "American Institutions." ^v

Counter to the claim by Nik-Kah 2011, p.122, and Stigler (1988) himself, the Walgreen Foundation was not based in the Political Science department, even if Jerome Kerwin had an appointment in that department; previously William T. Hutchinson in the History Department had purview over the Walgreen Foundation. The Walgreen Foundation had its own budget line within the university; faculty secretaries who came from a range of departments including history and political science administered this budget.

By June of 1954, an offer of a faculty position funded by the Walgreen Foundation had been made and turned down by Oscar Handlin of Harvard with another offer pending to Richard Hofstadter of Columbia (which also seems to

have been declined.) (Office President, Kimpton Papers, Box 224, Folder 12), Memo Grodzins to Kimpton. Despite the lack of success in filling appointments, Grodzins was “heartened” that “we can continue to seek personnel with Walgreen funds without consideration of issues that do not bear upon scholarly qualities.”

However, writing to George Stigler, over 25 years later, as Stigler was seeking a replacement for himself on his retirement as Walgreen Professor, W.Allen Wallis claimed that

“Larry Kimpton, who was then Chancellor [of the U. of Chicago], was on the verge of turning the money back to Walgreen, as he was being urged to do by Morton Grodzins, then Dean of Social Sciences, and others. Chuck Walgreen had turned down several candidates supported enthusiastically by Grodzins and company including Clinton Rossiter. Grodzins took the line that no academically respectable appointment could be made, since it was subject to Walgreen’s Veto He also argued that accepting the money with such a string attached to it was disgraceful, etc. When Kimpton told me about this, I commented that if he would assign the Foundation to the Business School, I would guarantee that creditable appointment would be made before very long --

-which as you will be the first to concede, it was.” [George Stigler papers, Box 3, Folder on Walgreen Foundation.]”

Charles R. Walgreen, Jr. relays the following account of how the Walgreen chair was established in the Graduate school of Business in a March 16, 1992 letter to Hannah Gray related to a memorial service for George Stigler:

“My father established the Chair for the Study of American Institutions shortly before he passed away in 1939. Initially, the chair was under the auspices of the Department of History. Rather than filling the chair, eminent individuals gave series of lectures from time to time.”

“I am sorry to say that some of these individuals had beliefs which were extremely liberal and differing substantially from those of my father’s.

Following discussions with Larry Kimpton, the Chair was moved to the School of Business. My Dad would have been delighted with the appointment of George Stigler.” [source Stigler papers Box 28, George Stigler Memorial, correspondence]

The administrative history of how the Walgreen Foundation “was moved to the School of Business” would appear to be incomplete. As will be documented further below, Wallis described the Walgreen Professorship to Stigler as “all-University professorship for which the school of business simply has the right of nomination.” John Wilson in a letter of November 13, 1972, questioned the identification of the Walgreen Foundation with the School of Business while Richard Rosett, then Dean of the School of Business in a letter of July 26, 1978 to then President Hannah Gray stated:

“You will find that I am taking a stronger position now on the side of keeping the Walgreen Fund in the Business School than I did when you and I spoke face to face. That is because my subsequent review of the record convinces me that the parties to the transaction intended that the shift from Social Sciences to Business be permanent.”

(Stigler papers, Box 45, correspondence)

In a letter to T.W. Schultz dated October 17, 1956, D.Gale Johnson floated the possibility of finding an economic historian to fill the chair. Johnson in his letter notes the prospect that the Walgreen funds would be made available to the School of Business. He notes that in a meeting with Chauncy Harris, a university official, that

“I was given the impression that, if the Department of Economics were to come forward with a rather strong candidate for the directorship, part or most of the funds might become available to us. It seems to me that, if we could come up with a strong name in the field of American economic history, we might have some chance. The difficulty is that I can think of no strong names in that field.” Johnson then goes on to suggest a joint arrangement with the School of Business in the “general area of American Business, emphasizing questions of growth, productivity, industrial organization, and the relationship between government and business” as another possibility. Letter from D. Gale Johnson to T.W. Schultz dated October 17, 1956. Department of Economics Records. Box 41, Folder 9. Special Collections Research Center. University of Chicago Library.

Given that Wallis was a graduate school friend of Stigler’s and Walgreen Sr. and Jr. conservative propensities, the appointment of Stigler to the Walgreen Professorship for the Study of American Institutions may seem almost inevitable. However, by Wallis’ own account, both James Lorie, Associate Dean of the Graduate School of Business at Chicago under Wallis and Leonard Read, head of the Foundation for Economic Education, played key intermediary roles in the appointment of Stigler to the position. According to Wallis in an interview he did with William Meckling, Leonard Read’s approval was required for the recipient of the Walgreen Chair because Charles Walgreen relied on Read for advice in such

matters (p. 84). And by Wallis' account, Lorie and Wallis managed to gain Read's confidence to such a degree that Read trusted their judgement in such matters (p. 85). Correspondence between Lorie, Wallis, Read and Kimpton in the 1950s suggest that Wallis and Lorie built up that confidence with a series of lunches with Read as well as with donations to Read's Foundation for Economic Education. In a letter dated Aug.2, 1955, Lawrence Kimpton, then Chancellor of the University of Chicago, wrote to Leonard Read:

"Chuck Walgreen and I are looking forward with a great deal of interest to the recommendations that you and your group will make to us. We badly need some help in what I am sure will agree is a very important appointment."

"I hope that someday when you are in Chicago we can work out a meeting involving Frank Knight, Milton Friedman, Friedrich Hayek and some others about here, who are very close to your viewpoint. It ought to be an interesting meeting."

In his Aug. 5, 1955 Reply, Read states:

“Nothing would please me more than to have your suggestion materialize, namely that

you, Frank Knight, Milton Friedman, Friedrich Hayek, and I get together.

Getting all five of us together in one spot at one time may be difficult, but I shall hope for it.”

Then in a letter the following year, June 1, 1956, Kimpton wrote to Read:

“Did it ever occur to you, incidentally, that the only [first-rate---inserted in pen] academic people in the country who really share your views are on this faculty? I think of Hayek, Milton Friedman, Aaron Director, and Frank Knight. I might add that there are a lot of young people on the faculty who are coming up with the set of ideas, Carry On!”

[See Office of the President, Kimpton Administration, Box 210, Folder 9, Leonard Read].

The well known irony here, is that Read had previously objected to Stigler and Friedman’s pamphlet, *Roofs and Ceilings* on grounds that it acknowledged

the desirability of more equality of income in society though Foundation for Economic Education did ultimately publish it. [also see Hammond and Hammond, 20006, p.20 and p.147, note.17, 34-38]

Friedman for one did eventually reconcile with Read at a session at Orly Airport in France after a Mont Pelerin Society meeting. Friedman states of this meeting with Read that [we] “resolved our dispute and I discovered what a charming and principled person Leonard was, and from then on he was one of our fast friends.” (See Friedman and Friedman 1998, pp.150-151).

George Stigler was NOT Wallis’ first choice for the Walgreen Chair. Wallis had initially decided with Read’s approval to offer the chair to Dexter Keezer. Keezer had formerly been President of Reed College and at the time in the mid-1950s was a high level executive with McGraw-Hill Publishing. As a McGraw-Hill executive, Keezer had established a reputation for his annual surveys of business activity and he seems to have been involved as well with editing Business Week, a McGraw-Hill publication at that time. His June 25,1991 NY Times obituary describes him as a “pragmatic economist” and cites a McGraw-Hill associate describing Keezer as “the No.1 person in the business economics field.” The offer to Keezer would thus seem to indicate that Walgreen was willing to approve an appointment to someone without a clear conservative bent. It was only after Keezer turned down the offer, that James Lorie

suggested George Stigler to Wallis as a possibility for the Walgreen Chair.

Wallis indicated in a letter to Milton Friedman in 1957 that Stigler occurred to Lorie as a possibility after Lorie had met Stigler at a Wabash College summer conference and Stigler had conveyed his interest in working on broader philosophical and policy issues rather than just on narrower issues in technical economics. (from Friedman papers, copy in Stigler papers, see further citation below).

The Walgreen Professorship offered a salary of \$25,000 per year. Stigler's 1956-7 salary at Columbia was initially to have been \$12,000 per year [April 2, 1956 letter, Grayson Kirk to Stigler, Box 46, Correspondence, move to Columbia]. Then in Oct. 1956, he was offered a research professorship with a salary of \$16,000. In a Nov. 20, 1957 letter, which would have been after Stigler would have received the Walgreen offer, Columbia offered him a salary effective July 1, 1958 of \$17,000 a year [letter Carl Shoup to Stigler dated Nov. 20, 1957, Box 46, correspondence on move to Columbia]. So while Columbia does appear to have raised Stigler's salary in response to the Walgreen offer, it by no means came close to matching it.

Could Columbia have retained Stigler in 1958, if it had made a counter-offer more effectively? Evaluating this counterfactual requires taking under consideration both

Stigler's deliberation process and that of the Columbia department and central administration and thus is particularly challenging. However, Gary Becker in in October, 1997 interview with Craig Freedman opined in the affirmative about this counterfactual:

“I wasn't privy to what was going on at Columbia. They handled it very badly. I did think they in fact had a good shot at keeping him [Stigler], but it was terribly handled, as Columbia handled a lot of things and he decided to go. But it wasn't an open and shut decision on his part.”^{vi}

One factor that may have hindered Columbia's ability to retain Stigler is that in the academic year 1957-58, he was not physically at Columbia. He was visiting at the Institute for Advanced Studies in the Behavioral Sciences at Stanford. His geographic remoteness from colleagues and administrators at Columbia may have made it easier for him to sever ties and resist entreaties to remain. (I thank Stephen Stigler for this observation).

Stigler's acceptance letter to Wallis of the offer was in his inimitable style:

Nov. 30, 1957,

Dear Allen:

It is always hard for me to begin a letter which conveys bad news to a friend.

I know that it is preferable to be explicit and direct, “to get it over with,” as the popular expression has it, but it is easier to give such uncongenial advice than to follow it. Especially is the task more difficult when the bad news is of the writer’s own making, and to a large degree, but not exclusively, it is in the present case. In short, I shall be happy to accept the professorship at Chicago.”

[frame 3715; Stigler Papers, Box 46. Also cited in Wallis 1993.

Did Stigler’s occupancy of the Walgreen Professorship redirect the mission of the Walgreen Foundation and transform business education at Chicago and beyond?

Nik-Kah makes the claim that

“Shortly after taking control of the Walgreen Foundation, Stigler completely revised its mission: He shed the obligation to educate undergraduate students,

creatively reinterpreted its mission to promote study of the ‘American way of life,’ and announced his intention to devote the Walgreen resources to a study of the ‘causes and effects of government control over government life.’ (Nik-Kah 2011, p. 126.

Nik-Khah makes the further claim (2011, pp.119-20) that

“In addition to standard channels of influence [by occupying administrative roles] at the GSB [Graduate School of Business], Chicago economists were involved in rather novel (and underappreciated) forms of alliance formation and institution building and repurposing, efforts that would have consequences for the GSB and ultimately for the entirety of U.S. business education. The central figure in these efforts was the most prominent hire that Wallis made during his tenure, his former classmate at Chicago, George Stigler.”

Did Stigler revise the mission of the Walgreen Foundation?

Regarding Nik-Kah's claims, it is not at all clear that the mission of Walgreen Foundation before Stigler became director was that well-defined; this was indeed one of the sources of discontent of both University officials such as Morton Grodzins as evidenced in his statement and of Charles R. Walgreen as cited above. Furthermore, under Stigler's tenure, the Walgreen Foundation did not exclusively focus on government regulation of the economy. The Walgreen Foundation sponsored lecture series addressing much broader issues related to the American way of life, such as the series of lectures by the sociologist Edward Shils on "the attitude of the intellectual classes toward private enterprise." , the subsequent one of Hayek and then a series in 1976 to commemorate the bicentennial of publication of *The Wealth of Nations*. Charles R. Walgreen, Jr. observed in a letter to Stigler dated July 27, 1981, in acknowledging Stigler's letter stepping down as Walgreen Professor:

"Our family have been very happy and proud of your achievements as Charles R. Walgreen Professor of American Institutions at the University of Chicago. Your contributions through your research, teaching –your publications and your lectures –have had far-reaching effects in academic, business, and governmental areas."

And in a July 31, 1979 letter to Stigler, Walgreen stated:

“The goal of the Foundation is that it might act as a catalyst for progress.

Surely, again, your tenure as Walgreen Professor has made the goal a reality....I

need only refer to your own words: “widened...launched...continued..begun.”

In or out of context, they describe an intensity and a dedication to progress that makes us proud that George J. Stigler has been Walgreen Professor.”

{Stigler papers, Box 45,correspondence with Charles Walgreen }

As already noted above, Stigler was not Wallis’ first choice for the Walgreen Professorship.

An in fact by Wallis’ own account, Stigler only occurred to Wallis as a possibility for the professorship after James Lorie, Associate Dean of the GSB at this time, suggested this. And Lorie’s grounds for this according to Wallis was not Stigler’s ideology but that Stigler had conveyed to Lorie an interest in broadening his intellectual reach beyond technical economics.

Wallis conveyed this account in a letter to Milton Friedman dated Nov.8, 1957:

W.Allen Wallis to Milton Friedman, Nov. 8, 1957 (frame 4218 in pics), p.2,
 “The second thing we can offer him professionally is related to the incident that gave us the idea of approaching him for the job. At some meetings at Wabash in June, George happened to mention to Jim that after twenty years in technical economics, his mind begins to wander to other, though related subjects, such as history, politics, and philosophy. This job is tailor-made to give any scope he desires to such interests, and at the same time to keep him solidly planted in his own field. “

Although Wallis was able to base the faculty appointment in the Graduate School of Business, as a professorship of “American Institutions” he also emphasized to Stigler the sense that the incumbent should reach beyond narrowly defined professional training. Thus, he noted to Stigler in a letter to Stigler dated Oct. 18, 1957,

“One of Mr. Walgreen’s hopes was that the Walgreen Professor would have some impact on undergraduates, so we hope that you would at least be receptive to, and perhaps even occasionally seek out opportunities of that kind...”

Moreover Wallis noted to Milton Friedman, in the letter already cited Nov. 8, 1957 (frame 4218 in pics), p.2 (Stigler papers, box 30).

“About the only worry George expressed about the job was the fact that his interests somehow are economics, not business, though they do happen to fall in large part into the field of industrial organization, which overlaps both. He wondered whether he might not be bothered, however little we were bothered in the Business School, about doing too little for us and too much for the Economics Department. I tried to emphasize that we anticipated this, and more basic, that the Walgreen professorship is an all-University professorship for which the school of business simply has the right of nomination. I told him that we would be satisfied if he would simply keep his office in our premises. Actually, as I told George, I think we do have a number of activities which will interest him from time to time, such as participation in the Executive program.”

Wallis’ characterization of the professorship as an “all-University professorship for which the school of business simply has the right of nomination” contrasts with the characterization of Richard Rosett to President Hannah Gray in 1978 cited above:

“that the parties to the transaction intended that the shift from Social Sciences to Business be permanent.”

In his Nov.30 1957 letter to Carl Shoup of Columbia explaining his decision to accept the Walgreen Professorship at Chicago, Stigler stated:

“The compelling factor in the decision was the fact that the Chicago post offers unlimited opportunities to pursue my research interests wherever I wish, quite independently of financial considerations.” Box 46, Correspondence on move from Columbia to Chicago, 2016-279.

Chancellor Kimpton’s offer of the Professorship to Stigler dated Oct. 18, 1957 states:

“It was the intention of Mr. Charles R. Walgreen, Sr. in establishing the Walgreen Foundation about twenty years ago that we appoint a distinguished professor who would teach, write, and speak for a variety of audiences both within and without the University regarding American economic, political, and social institutions. The Foundation fund now

exceeds eight hundred and fifty thousand dollars. This permits us to put at your disposal, in addition to your salary, funds for such things as lectures, travel, and research that would further the purposes of the Foundation whose director you would be.”

And W.Allen Wallis in his own letter to Stigler of the same date (Oct. 18, 1957) states

“The essence of the matter is that you would have complete freedom from assigned duties---almost complete freedom, anyway, the only restraint being your own conscience. Furthermore, you would have resources at your disposal for whatever use seemed to you appropriate for furthering the very broad purposes of the Foundation. You could teach such courses, or give such lectures, as you chose, either in the School of Business or in the Department of Economics.”

Addenda Box 46, 2016-279, Correspondence on move from Columbia to Chicago.

Stigler sent regular reports to the Walgreens on his activities as holder of the chair throughout his tenure (May 11, 1979 memo to Rosett). The reports were not lengthy, generally one or two typed pages, but they were regular, generally once a year. The reports indicate that in addition to his own salary, Foundation funds were used to fund graduate student fellowships, support for research of other faculty including summer stipends and for lecture series (for example Hayek gave 5 lectures on the history of economic thought in October of 1963; Stigler papers, Box 3, Walgreen Foundation, history of). Stigler also seems to have met Walgreen for lunch on occasion (see Stigler papers, Box 18, Charles R. Walgreen Jr. Correspondence folder).

Internal university sources did on occasion monitor Stigler's use of Walgreen funds. Thus Stigler was sent a memo dated Feb. 22, 1974 by Harold Bell, of the university's comptroller department noting that

“information we have raises the question of whether the proposed The Wealth of Nations Lecture Series meets the purposes specified by the donor”....”the lecture series seems to have a European flavor as opposed to that of American Institutions. No doubt you can connect the two, but I believe it would be desirable to clarify this point for the permanent record.”

Stigler replied that

“two of the lectures will be narrowly American..The others, on Adam Smith, Blackstone, Burke, and Bentham, are of course on four philosophers who were immensely influential in and on the United States” ...”It would be inconceivable that this set of subjects be considered irrelevant to the ‘history [and] development’ of the American Society.”

Box 3, Folder on Uof Ch Walgreen correspondence.

Stigler in a report prepared for GSB Dean Richard Rosett dated May 11, 1979, described his vision of the Walgreen Foundation during his tenure as director:

“The goal of the Walgreen Foundation, as I understand it to have been presented to the Walgreen family, was to foster the study of American Institutions. I have interpreted this to mean the study of the American private enterprise system and of the increasingly extensive regulatory activity of government under which the enterprise system works. The focus of the Foundation’s work has been on increasing scientific knowledge of this area. The Foundation seeks to mobilize the resources within the entire University

so far as they can contribute to this limited area of research.” [Box 3, folder, GSB Dean’s office correspondence.]”

On the one hand, Stigler’s 1979 statement to Dean Rosett would seem in accord with the passage that Nik-Kah extracts from a 1959 letter that Stigler sent to Walgreen regarding study of the “causes and effects of government control over economic life.” (Nik-Kah, p.126). The study of the causes and consequences of government regulation was certainly a central theme of Stigler’s academic career. Nevertheless, by omitting surrounding passages of Stigler’s statement, Nik-kah considerably overstates his claim that this passage indicates that:

“Shortly after taking control of the Walgreen Foundation, Stigler completely revised its mission: He shed the obligation to educate undergraduate students, creatively reinterpreted its mission to promote study of the ‘American way of life,’ and announced his intention to devote the Walgreen resources to a study of the ‘causes and effects of government control over government life.’ (Nik-Kah, 2011 p. 126.

The full paragraph from which Nik-Kah takes the passage above states:

“I have been moving rather slowly in establishing a program of activities because it is much easier to enter into activities than to get out of them and I wanted to be reasonably sure that they were worthwhile. Aside from my own work, the chief activity of the Foundation at the present is the sponsoring of a workshop in the area of industrial organization. It consists of about eight faculty members who are professionally interested in the structure and behavior of the American economy, and of an almost equal number of students. The primary focus of the workshop is on the understanding of the causes and effects of government control over economic life. In the current academic year the Foundation has awarded four Charles R. Walgreen Fellowships in Industrial Organization to the following young men:

Fleuck, John

Kassing, David

Moore, Thomas

Saving, Thomas.”

The letter then goes on to describe arrangements for Edward Shils, who he describes as “one of the most distinguished American sociologists” to give a

series of lectures on “the attitude of the intellectual classes toward private enterprise.” He then elaborates on the contribution he thinks the lectures series will make:

“Professor Shils is both widely informed and very acute in his analysis of the extent of the hostility toward private enterprise by the so-called intellectual classes and the causes of this attitude. I think these lectures will perform a signal service. You will, of course, be notified of them well in advance of their delivery.”

He goes on to note that his chief current activity is in an area he would not have predicted, which was chairing a committee reviewing the price statistics program of the Federal government. He concludes the letter with the “hope that sometime after the holidays we can have a luncheon together.” (Stigler papers, box 18, Charles R. Walgreen, Jr. correspondence).

George Stigler would appear to have shared ideological predispositions towards free markets with Charles R. Walgreen Jr. and this likely contributed to their cordial relationship during Stigler’s tenure of the Walgreen Professorship. And of course a different incumbent, such as for example, Dexter Keezer, would surely have taken the activities sponsored by the Walgreen Foundation in

different directions than Stigler did. Stigler's successors to the professorship, considered below, clearly did so. Nevertheless, the material reviewed here indicates that Stigler pursued aims in directing the Walgreen Foundation fully congruent with the intentions of its founder and that of his heir.

Did Stigler's appointment to the GSB transform business education at Chicago and beyond?

Business schools curricula in the first half of the twentieth century did include some economic content and some business school faculty had training in economics. Nevertheless, the late 1950s and the 1960s saw a fillip in the percentage of business school faculty who had doctorates in economics as well as in other social science disciplines (see Fourcade and Khurana 2013; Khurana 2007; Van Overtveldt 2007). Khurana (2007, Chap. 6) argues that this change reflects the efforts of the Carnegie and Ford Foundations to reform business education. And Wallis in his interview with Meckling (1993) suggests that this reflected adopting the Flexner model of grounding medical education in mastery of key natural sciences to the business training setting in which business practitioners should have familiarity with relevant social sciences. Wallis in the same interview

acknowledges that it was quite unusual in the late 1950s for a business school to have hired such a prominent economist as George Stigler for its faculty.

Nik-Kah acknowledges that Stigler's appointment was hardly the only important factor leading to changes in the Graduate School of Business at Chicago. Nevertheless, he also claims that this set the stage for coming transformational changes in business education at Chicago and elsewhere

Nik-Kah 2011, p. 128 "Although it would be an exaggeration to attribute all the developments at the GSB to him alone, Stigler's efforts had set the tone at the Chicago GSB, even in areas normally outside his areas of expertise."

Although Van Overtfeldt's (2007) chapter on the Chicago Business School bears the subtitle, as Nik-Kah points out, "A Great Economics Department," the chapter in fact makes a case that many other disciplinary influences than simply economics were at play in changes at the business school. Moreover, while Stigler's influence may have been one contributing factor, numerous other prominent economists were involved as well. Moreover, James Lorie continued to play an important role even after Wallis left the business school in 1962. In addition, Wallis' successor as Dean, George Schultz, arguably contributed more to sustaining the changes initiated by Wallis than did Stigler.

Stigler and his successors as Directors of the Walgreen Foundation.

The successors to Stigler as Directors of the Walgreen Foundation would further seem to belie any claim that Stigler was an empire builder focused on promoting anti-government economic policies. None of those who were offered the chair had clear free market or anti-government regulation proclivities. Indeed there is irony in each of Stigler's subsequent successors. Robert Fogel his immediate successor had been a communist party organizer as a young adult, counter to the anti-communist impetus leading up to Walgreen's donation to the University. And Richard Thaler's claim to fame and the basis for his Nobel prize award in Economics is as a behavioral economist, in contrast with Stigler's apparent antipathy towards behavioral, non-rational choice approaches to economics and to the social sciences more generally. Indeed, one Ford Foundation program officer expressed concerns in 1957 that if Stigler accepted the Walgreen Professorship, this would result in a neglect by the Graduate School of Business at Chicago of behavioral science and related interdisciplinary approaches in favor of economists' rational choice perspectives (Fourcade and Khurana 2013, p. 145-46).

Over the period, 1978 -79, Stigler headed the search committee for his replacement as Walgreen Professor of American Institutions. As noted above, Richard Rosett as Dean of the Graduate School of Business argued forcefully that the Chair should remain with the GSB since he claimed that the shift from the social sciences had been intended to be permanent.

The search conducted in 1978 with Stigler as chair, John Jeuck, Sidney Davidson, Gary Becker, Richard Posner serving on the search committee lead to a short list of Zvi Griliches and A. Michael Spence. Griliches was offered the chair but turned it down on grounds that he did not want to disrupt the lives of his children by moving from Harvard to Chicago[letter to Stigler, March 6, 1979, Box 3, Walgreen Committee, 1978-79].

In 1979, a new search committee of John P. Gould, James Lorie, Merton Miller and Arnold Zellner was convened. Richard Rosett, Dean of the GSB played a key role in advocating that Robert Fogel to be offered the chair which he accepted (interview with Richard Rosett 2005). Stigler did contact Charles R. Walgreen about the choice; Walgreen indicated familiarity with *Time on the Cross* as well his approval of the choice of Fogel. [letter to Stigler from Walgreen Jr. dated December 30, 1979. Box 45, Correspondence, Addenda, 2016-279. Interestingly, as part of the search process, Stigler sent letters to a number of prominent economic historians both in the U.S. and abroad inquiring

as to whether the controversy over Fogel's book on slavery with Engerman had diminished Fogel's standing in the field. The general consensus was that it had not. The most negative statement about Fogel appears in Stigler's notes of a conversation he had with the prominent African American historian and Professor in the History Department at Chicago, John Hope Franklin.

According Stigler's notes:

“The main basis of the criticism was an acceptance of the arguments of some critics (e.g., David, Temin, Sutch).”

Stigler goes on to note:

“Franklin had no personal criticisms of Fogel, and got along well with him. Fogel had not been active in the history department when he was at Chicago”

(Stigler papers, Box 3, Folder on Walgreen Foundation Committee 1978-79).

After Fogel passed away in 2013, Richard Thaler was appointed Charles R. Walgreen Distinguished Service Professor of Behavioral Science and Economics.

He has reported having no contact with the Walgreen family in accepting or subsequently holding this position. [conversation with Thaler, May 18, 2017].

Professor Thaler indicated that he was not familiar with considerations behind the apparent renaming of the Professorship from that of American Institutions. . Given the Nik-Kah's claim that Stigler's research program considered behavioral and bounded rationality approaches to business behavior to be of little value (Nik-Kah 2011, p. 128) as already noted there would seem a certain irony in the appointment of his subsequent but one successor.

Center for the Study of the Economy and the State

In the late 1970's, Stigler was still Director of the Walgreen Foundation as he was in the process of searching for his successor in this capacity but was also involved in establishing the Center for the Study of the Economy and the State. A memo he sent to Dean Richard Rosett of the GSB dated May 15, 1978 gives a rough sense of the relative sizes of the two operations at that point in time. Stigler reported an income for the Walgreen Foundation of around \$115,000 per year. The uses of those funds included his own salary, funding the Industrial Organization workshop, grants to other faculty, especially as summer stipends, pre-

and post- doctoral fellowships, and special lectures and conferences. The Center for the Study of the Economy and the State was projected to spend about \$200,000 to \$300,00 per year on five components: i) support for “local” faculty ii) postdoctoral fellowships, iii) predoctoral fellowships iv) visiting professors for specific research projects v) conferences. [Stigler papers, box 3, GSB Dean’s office correspondence].

In a series of letters to Richard Larry of the Scaife Family Charitable Trust in April and May of 1977, Stigler described the proposed aims of CSES. Attached to his letter of April 28, 1977, on a statement about the Center, Stigler describes its research program as follows:

“The study of the politics and law of economic policy has been a traditional part of economics for literally centuries. Until remarkably recent times, however, the nature of the workings of the political system has not been so much studied as assumed by the economists: the state was given duties --- often difficult or impossible duties ---and told to get them done or, if their failures could not be overlooked, told to devote more people, laws, and money in fulfilling the duties. Only recently have the hard questions begun to be asked:

--what groups determine the economic policies of the state?

---how can the actual goals of these policies be discovered?

--what have the effects of these policies been?

It is the systematic and comprehensive study of questions such as these that will form the central case of the research program of the center.” [Coase Papers, Box 33, Folder 10, Stigler correspondence].

Attached to a follow-up letter to Larry, dated May 31, 1977 in anticipation of a June 14 meeting, Stigler provided a statement on “The Roles of the Center.” The statement’s opening paragraphs are:

“The ultimate purpose of research in economics is to improve the workings of the economic system. No matter how indirect the route, economic research must finally explain how an economic system works, and therefore give us a rational basis for improving the performance of our system.

“This function of research has three components: i)fundamental research to provide the general theories necessary to understand a problem (rate regulation, antitrust, advertising,unemployment); 2)applied research involving specific policy issue under consideration (e.g.) the current energy proposals), and 3)effective dissemination of the results to legislators and

administrators, and ultimately to the public. All of these steps are essential to fulfilling the task of economic research.”

“Particular institutions emphasize different components of the research function: no one (except Milton Friedman) can do all these things equally well. Partly this is a matter of temperament: the person who has the patience and single-mindedness to perform high grade professional research may not possess the fervor and enthusiasm to be a first class salesman of ideas. Too strong a commitment to immediate policy problems may distract a scholar from the fundamental scientific issues that still need to be studied”

“Our Center has one indisputable advantage in the preservation of the market economy. We are part and parcel of one of the world’s great economic communities, and so acknowledged by the remainder of the profession. That means we can attract the best young scholars from other schools (*and, as I will explain below, that is precisely what we hope to do_)/. That means that our work is quickly received, analyzed, and criticized by major scholars; we are a force that the scientific community does not and cannot ignore. That means that our work also receives prompt

and respectful attention from the media and other opinion shapers and policy makers.” [Coase papers, Box 33, Folder 10, Stigler file]

In later parts of the statement (pp.3-4), Stigler indicates an intent to both engage in the production of knowledge and to “assure the wide dissemination of the results of our studies” and he notes three channels of influence: 1) publication in major academic journals in Economics (JPE, JLE, AER), 2) work taken up by more policy oriented organizations --he gives the example of the American Enterprise Institute’s pamphlet series 3)”Through the close relationships between the economists and the law school at Chicago, our work has percolated to members of the most influential profession in the U.S. in the formulation and administration of public policy” (lawyers?).

In a July 13, 1983 memo to Dean Richard Rosett of the GSB, Stigler describes further the aims of CSES at that date:

“The basic goal of the Center is to increase our knowledge of the reciprocal effects of government and the private economy upon each other. We view the governmental policies broadly to include taxes and subsidies, direct operation of economic enterprises, and regulatory activities. We seek to

understand not only what the effects of these policies are, but also why they were instituted.

“We pursue this goal primarily by supporting the research activities of economists and lawyers (and we hope soon also political scientists) who are at the University of Chicago, and of course the galaxy of talented economists here is our great resource. In addition, we wish to have one or two post-doctoral fellows, and sometimes support doctoral candidates.

“Obviously our mandate is wide; it includes macroeconomics (where we are supporting Barro this summer) as well as microeconomics and “public” economics (the application of economic analysis to political institutions and behavior_).” [George Stigler papers, Box 3, GSB Dean’s office correspondence.].

A statement prepared by Stigler in January of 1984 on new CSES grants committed in calendar year 1983 and through January of 1984, indicated that these totaled \$524,500 of which \$200,000 (38%) came from the Scaife Foundation, \$242,000 (46%) came from Lilly-FREE, \$50,000 (9.5%) from the Olin Foundation with the remaining

percent coming from Amoco, Proctor and Gamble, and Getty. These are the same sources reported by Nik-Kah 2011, 136, though these percentages indicate that the bulk came from Foundations rather than direct corporate contributions. And Nik-Kah reports that from 1985 to 2005 a further \$5million came to the center from the Lynde and Harry Bradley foundation, the John M. Olin Foundation, and the Sarah Scaife Foundation. [George Stigler papers, Box 3, GEB Dean's office correspondence).

While Stigler did use Walgreen Foundation funds and then subsequently those raised for the CSES to support the research and activities of other scholars, he would not appear to have sought to dominate or monopolize research on the relationship between the economy and the state. Indeed, as Stigler acknowledges in his memoirs, a rather distinct research program in that direction had been developed by James Buchanan and Gordon Tullock first in the location at the University of Virginia, then at Virginia Polytechnic and finally at George Mason. Rather separate sources of funds appear to have been used for that operation. MacLean (2017) makes just one reference to Stigler in his capacity as President of the Mont Pelerin Society. He does not feature prominently in her narrative. Nor do Buchanan and Tullock feature prominently in Stigler's memoirs or in documents related to the Walgreen Foundation or the

Center for the Study of the Economy and the State. Stigler's center was thus not "the only game in town."

Finally, it should be noted that after stepping down from the Walgreen Professorship

In 1981, Stigler remained in residence at the University of Chicago for the rest of his life. This was in sharp contrast with Milton Friedman, who immediately moved to a position with the Hoover Institution at Stanford in 1977 upon Friedman's retirement. Stigler (1985, 48) observes that he led an "active committee life" both at Columbia and then at Chicago, despite the conventional disdain he acknowledges he himself often expressed regarding such activity.

Conclusion:

As suggested in the title and outset of this essay, George Stigler's career moves can be seen as featuring contingency, self-interest, ideology, and intellectual commitment.

Contingency

George Stigler's career history identifies a number of paths not taken. If Homer Jones had accepted an academic position at Iowa State in 1936, Stigler could have pursued a career in real estate. If Robert Maynard Hutchins had not

come down with a cold in February of 1946, Stigler not Milton Friedman may have taken a faculty position then and Friedman in turn could have ended up at Columbia. If Charles Walgreen's niece had not been staying with the Walgreen family in 1936 or if Dexter Keezer had accepted Allen Wallis' initial offer, then Stigler may not have returned to Chicago in 1958. Nevertheless, chance as well as God helps those who help themselves.

Self-interest

Self-interest or at least family rather than collegial concerns seem to have been involved in Stigler's decision to turn down Chicago offers in the early 1950s and to accept the Walgreen Chair in 1957 rather than prolong negotiations over a counter-offer from Columbia.

Ideology

The Walgreen chair as envisioned by Walgreen Jr. seemed well suited for someone of Stigler's ideological inclinations. Ideological factors do seem to have contributed to why W.Allen Wallis was able to secure the Walgreen Foundation for an appointment in the Graduate School of Business rather than elsewhere at the University of Chicago. Nor were ideological considerations likely absent from why Stigler was able to cultivate a cordial relationship with

Charles Walgreen Jr. during his incumbency of the Walgreen professorship and in his ability to establish and fund the Center for the Study of the Economy and State.

Intellectual Commitment

Yet other features of Stigler's career choices imply that he did view his endeavors along with those of colleagues as economists as more than just as a supplier of propaganda. Scientific and more generally intellectual considerations motivated Stigler as well. This is especially evident in the selection of his successors to the Walgreen chair. This chair seemed best suited for someone with a large vision of society whether it be Stigler's view of the role of markets and their interaction with government activity, Fogel's view of long-run trends in health and technology or more recently Richard Thaler's behavioral perspectives on economic decision-making. The Walgreen Foundation and the Center Stigler subsequently founded has commanded ample funding which in turn facilitated impact. Yet in the discretion, judgement, and most importantly vision required to have such impact in turn required an abiding intellectual commitment.

There is certainly tension if not contradiction in grouping together the features just listed. Stigler's Tanner lectures delivered at Harvard in 1980

published under the title *The Economist as Preacher* provide one attempt by Stigler himself to reconcile such tensions and contradictions. He recognized that economists as human agents are subject to influence by the society in which they find themselves. Yet he also argued (p.34) that ideas that have compelling intellectual merit have a survivorship value that will tend to eventually prevail.

He made the argument that whatever doubts he had about whether the intellectual merits of arguments would dominate over ideological predilection, a policy of preferring intellectual merit would lead to a more suitable ideological balance than one of explicitly aiming at intellectual balance in a letter to the President of the Board of Trustees of Stanford University in 1966. The letter appears to have been in response to a proposal the Trustees of Stanford were considering to establish a position for recruiting a prominent economist with conservative views as a way of offsetting the prevalence of liberal, New Deal-Great Society views among the economists on Stanford's faculty.

Stigler stated:

“Speaking only as a conservative, and ignoring my professorial role, I would consider it a deplorable development if a Board of Trustees could be brought

to push the appointment of a conservative professor, and for a simple reason. It is much more likely, given the energy of the left-wing groups, the ascendancy in intellectual circles of collectivist ideals, and the growth of the federal governmental role in higher education, that a Board of Trustees acquiescent to outside pressures would foster non-conservative appointments and not conservative appointments. Or if conservatives won the battle this year, they could easily lose it five years hence. The long run acceptance of conservative ideas, I pray, will depend upon the validity of our reasoning and the cogency of our evidence, in which I have more faith than I have in our ability to mobilize the right kinds of conservative influence.”

He concludes the letter by observing:

“Professors are not endowed with any special objectivity, and as a group they conform much more closely to ‘standard’ views that (sic) would wish. But faculties are not perverse or misanthropic or hostile to the search for excellence. They will respond to this drive for academic excellence, and in the process both conservatives and radicals will appear a bit more often than in the typical faculty. And this is all that I, as either a Trustee or a conservative would desire.”

Perhaps Stigler would have offered the same advice to a present day “progressive” president of a board of trustees wishing to increase the proportion of like-minded progressive faculty on university campuses to offset the infusion of funding from conservative and libertarian sources for faculty positions.

Stigler was notably modest about the actual impact of economists. In his essay “Do Economists Matter?” he states (p.63) “My central thesis is that economists exert a minor and scarcely detectable influence on the societies in which they live.” He notes in the same essay the tension between two views of the economist. One is that “economists are the expert critics or defenders of any and all economic policies” (p.57) while the other view is of “the economist as a customer’s man” (p.59) and that “consumers generally determine what will be produced, and producers make profits by discovering more precisely what consumers want and producing it more cheaply.” (p.57). However, Stigler’s career endeavors would seem to suggest that he thought economists mattered both as preachers and as scientists.

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Acknowledgements: Stephen Stigler graciously provided a copy of Frank Knight's reference letter for George Stigler to T.W. Schultz and provided access to his copy of the Meckling interview with W.Allen Wallis.

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ⁱ See Mitch 2016 for details of the rankings by Johnson and Schultz; and the online appendix to Mitch 2016 for the text and source of Friedman’s letter to Arthur Burns.

ⁱⁱ The sources for this section are provided in Mitch 2016 and the online appendix for that article.

ⁱⁱⁱ Those present at the May 28, 1951 faculty meeting included: T.W. Schultz, D.G.Johnson, M. Friedman, H.G. Lewis, F. Harbison, E.Hamilton, F. Knight, L.Metzler, G.Tolley, J.Marschak, A. Rees, H. Kyrk, T. Koopmans.

Absent: J. Nef, P.Thomson, B. Hoselitz (out of city), R. Blough (on leave), L. Mints, R. Goode.

It was agreed upon to rank the top three of the four names: George Stigler, Leonid Hurwicz, Abba Lerner, and Kenneth Arrow. The results of the ranking were:

Candidate	Number of members giving candidate		
	1 st position	2 nd position	3 rd position
Stigler	8	0	2
Arrow	1	7	3

Lerner	3	4	3
Hurwicz	0	1	3

From University of Chicago, Department of Economics Records Box 42 Folder 2. ,

^{iv} For more on the 1935 episode and the larger context of concerns about anti-American teachings at the University of Chicago at this time see Boyer 2016, pp.27-65.

^v [Feb. 1, 1954 memo from Morton Grodzins to Lawrence Kimpton in Office of the President Kimpton papers, Box 224, Folder 12)

^{vi} This interview segment with Gary Becker was kindly sent to me in an email from Craig Freedman dated September 17, 2017.