

Motivational Speech

Thanks to everyone for coming here to celebrate with me. I arrived here from Chicago, where it was asserted that there is no free lunch. The conclusive evidence favoring this proposition is in that you have to listen to me give my retirement speech.

This is how my career started. When I was thinking about college, a friend told me that his sister was studying political economy at the Sorbonne, and I decided that this is what I wanted to study. But I had to settle for plain economics because the Hebrew University, at the time the only university in Israel, didn't offer political economy.

In the course of study, I realized that plain economics was fine with me. Chicago seemed a better fit in that Political Economy was in its title, but in spite of the name, all that was done there was strictly economics. This still was fine with me. It was only late in the game that I got re-interested with political economy, starting with a paper on the governance of condos, and then expanding it to the governance of nations, and spending much of the 1990's in that area.

When I was writing my Master Thesis at the Hebrew University I discovered how rewarding research was, and it has remained so ever since. My dissertation was about welfare loss due to taxation; as if I divined that later I was going to have Al Harberger, the world's greatest authority on welfare triangles, as my dissertation adviser. It is a pity he is not here today; unfortunately, he is more disabled than I am.

I got married while I was in Chicago, and that tenured position has lasted even longer than the one at the University of Washington, and with no sign of retirement.

I arrived here in 1961. At the time the university had about half as many students and half as many buildings as it has today. The old Meany Hall was barn-like, and when it was only slightly damaged by an earthquake, the university was quick to declare it dangerous, and replace it with a much superior building, throwing the Odegaard Library and Kane Hall into the bargain. There have been other changes in university life since then, not least of which is a tighter budget and a vastly increased bureaucracy.

This applies to our department too, which for a long time was run very informally. While more formal, the front office support is now immeasurably better than it was then. It is notable that my entire initial contact with the department was basically via one letter, offering me the job here. I first saw Seattle, with the Smith Tower as its tallest structure, just days before school started.

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I came here through the instigation of Don Gordon and Doug North. Don was the intellectual leader of the department, and had a profound influence on Doug who became one of the first economic historians requiring students to take theory and econometrics for the study of economic history. Don had great influence on me as well.

The pace of hiring and turnover at that time was frantic. Besides Judy and me, there were four other newcomers in 1961. The next year there were five more, and among them, at my suggestion, were Al Hynes, John Floyd and Walter Oi. The department was always at the forefront of the profession in hiring women and minorities such as Judy and Walter. Indeed, at the time, Chicago too was a minority in terms of its economics thinking within the profession.

I was brought here in part to teach econometrics, and I did a great job, though indirectly. I achieved that by having Walter Oi teach the econometric sequence, and he did an outstanding job. Still, I wish to alert Fahad that I may be willing to come out of retirement in case of shortage in econometrics instructors. I was fortunate in always having great colleagues. In the 60's I constantly interacted with the colleagues I just mentioned.

By the end of the 60's, however, Gordon and Oi left for Rochester, and coincidentally, Bill Sharpe who was then at the business school here and I were also offered jobs there, but both of us declined. Hynes and Floyd went to Toronto. So there was a sharp fall in the set I was closest to. But luckily for me, we then got Steve Cheung.

In the mid 60's Doug North had become chairman. He quickly hired Steve, who had as mentors Alchian at UCLA and Coase at Chicago. For me Steve was transformative. I learned about property rights and transaction costs from him. Our interaction was very intense, perhaps no less than that between Fahad and Jacques, though our papers were individually written.

At North's and Cheung's initiative, our department acquired real heft in economic history, where I think we had five regular positions as well as a stream of visitors, and in property rights with several appointments including Levis and several internal conversions to that branch of the discipline. In both areas we placed near the top of the profession. That, unfortunately, didn't last long either. Steve and Doug left by the early 80's, and from then on, although I have been interacting with quite a number of great colleagues, I have been the only one in the department to specialize in property rights, except for Levis who specializes in everything. But I have had a stream of first class graduate students with whom to interact about property rights. It is just wonderful for me to see that these current and former students are well represented in this room. Sadly, Kehhsiao is not here.

After I started associating with Steve, my research turned almost entirely to issues of transaction cost. My transaction cost work has covered diverse areas ranging from rationing by waiting, to slavery, to standards, to the industrial revolution, and right now to product variability and to the rights of married women.

Most of my writings have been solo, but I collaborated over the years with a number of colleagues and current and former students. Collaborative topics have included:

- Rationality of voting with Gene Silberberg
- Labor supply with Dick McDonald
- Voters' behavior with Bob Deacon
- Labor utilization and specialization with Ben Yu
- Allocation by voting in condos with Tim Sass
- Giffen Goods with Wing Suen
- The oil import quota with Chris Hall
- The origins of democracy, medieval voting institutions, and third party enforcers all with Edgar Kiser
- Ronald Coase's contributions with Levis
- IPO's with Michel Habib and Bruce Johnsen
- And the evolution of criminal law in England with Doug Allen

Economics in general, and the property rights-transaction costs area within it continue to be endlessly fascinating to me, and even though this is my retirement party, in a most fundamental sense, I have no plan to retire.

Thanks to the staff, and especially to Fahad and Nicole for organizing this party, to my wife Dina for sticking with me all these years, and to all of you for providing me with a great environment for doing economics.