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Dodging a Draft: Gary Becker's Lost Paper on Conscription

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Gary Becker's Lost Paper on Conscription**

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APRIL 2021

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Dodging a Draft: Gary Becker's Lost Paper on Conscription

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ABSTRACT

Dodging a Draft: Gary Becker's Lost Paper on Conscription*

Gary Becker wrote what may be the first economic analysis of conscription. Less than a decade later, economists played a key role in an important public policy debate during the Vietnam War, which eventually led to abolishment of the military draft. Becker had connections to many of those economists who studied the economics of conscription, and his paper foreshadowed many of the ideas in that literature. Despite this, none cited his paper on conscription. We discuss this history and speculate on this puzzle.

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* We thank Diana Sykes at the Hoover Institution Library and Archives for scanning and sending us correspondence between Gary Becker and Milton Friedman; Megan O'Connell and Kate Collins from the David M. Rubenstein Rare Book and Manuscript Library at Duke University for duplicating and sending us correspondence between Becker and H. Gregg Lewis; and Cara McCormick from the RAND Corporation archives for information on Becker's RAND consultancy. We are grateful for comments from Beth Asch, Guity Nashat Becker, Julio Elias, Kathryn Ierulli, Bill Landes, Bob Michael, Steve Millsaps, Casey Mulligan, Don Parsons, Bernard Rostker, and John Warner.

Becker's paper is relatively short, but his brilliance comes through. In cursory fashion, it contains much if not most of the ideas and arguments contained in the Gates Commission final report as well as the more detailed reports by Gates Commission staff (including Walter Oi, Harry Gilman, and others). If that paper had seen the light of day in 1957, research on conscription and the AVF would probably have proceeded much faster.

(John Warner, personal communication, 2020)

Becker's ideas flowing from the paper would have made a real contribution to the debate.

(Bernard Rostker, personal communication, 2020)

1. Introduction

Gary Becker spent the summer of 1957 at the RAND Corporation in Santa Monica, between his move from Chicago to Columbia. While there, he wrote two papers. The first (Becker 1957*b*), recently discovered by Perri (2019), contained Becker's initial thinking about on-the-job training, and evolved into his famous *Journal of Political Economy* (1962) paper on that subject. The second was an analysis of the economics of conscription (Becker, 1957*c*). It was apparently forgotten for fifty years (Becker, 2007).

We assess the relationship of Becker's lost conscription paper to the literature on the economics of conscription, and to the important policy debate about abolishing the draft that occurred a few years later, during the Vietnam War. We have two main arguments. First, it appears that Becker's was the first formal economic analysis of conscription. Second, Becker knew many of the economists who analyzed conscription, but there is little evidence that his paper influenced that literature or the policy debate. We conclude by speculating on why this may have occurred.

2. Becker's Forgotten Paper on Conscription

The second paper that Gary Becker produced at RAND in summer 1957 was titled *The Case Against Conscription*. In a video interview of Milton Friedman by Becker (Liberty Fund, 2003), he mentioned this paper, and expressed disappointment that RAND had not published it. A few years later, it was located (perhaps at Becker's request). Becker published an abridged version online in the *Hoover Digest* (Becker, 2007). In a preface, he wrote:

The following argument against the military draft was written while I was at the Rand Corporation during the summer of 1957. It was never published, and I had lost any copies until recently, when Charles Wolf of Rand found it on microfiche in the files. I had submitted it as a working paper. It was rejected. Fifty years ago, the Air Force provided most of the financial support to Rand, and Air Force leaders were convinced that they benefited from the draft—that many high-quality potential draftees volunteered for the Air Force only because they preferred serving there to serving in the Army. As I recall, I was told informally that the Air Force’s attitude toward the draft was why Rand had turned down this paper.

To our knowledge, Becker’s conscription paper was the first formal economic analysis of conscription.¹ Like many of his works, it is remarkable for the depth and breadth of ideas packed into thirteen pages, plus one supply and demand figure. His analyses foresaw much of the future literature on the economics of conscription. He discussed many topics, including the misallocation of resources with a draft, the budget cost versus the social cost of the military, lower effort provided by those conscripted, the amount that might be necessary to pay to attract enough volunteers, and the role of substitutes in the U.S. Civil War. All but the last would soon be central issues in a new economic literature and important policy debate during the Vietnam War.²

In 1963, before the escalation of the Vietnam War by the U.S., members of Congress raised the issue of abolishing conscription (Rostker, 2006). This led to a Department of Defense (DOD) study of the draft, begun in 1964 and headed by Walter Oi. The study was completed in 1965, and concluded that the U.S. should move to an all-volunteer military. With escalation of the war in Vietnam, the DOD worried about filling its manpower requirements without a draft, and withheld the study from Congress for a year (Rostker, 2006). In 1967, Sol Tax (Tax, 1967) published a book based on papers presented at a conference in December 1966 at the University of Chicago that focused on reform of the Selective Service System (conscription). Subsequently many studies of the relative costs of a draft and a volunteer military were produced.

¹ See Warner and Hogan (2016) for a discussion of the end of conscription in the U.S., and for a list of many of the papers written on the economics of conscription.

² For the role of economists in ending the draft, see Henderson (2005) and Asch *et al.* (2010).

Thus, although the growing unpopularity of the war in Vietnam in the late 1960s was critical in abolishing conscription, there was consideration of ending the draft in the U.S. Congress several years before then. As suggested in the quote above from John Warner, had Becker's 1957 paper been widely distributed, it may very well have stimulated studies on topics that were analyzed over a decade later by the Gates Commission.³ Additionally, Bernard Rostker notes that some issues discussed by Becker – such as the difference in labor quality and re-enlistment rates between an all-volunteer military and one with draftees – were not covered in detail in the Gates Commission Report.⁴ Knowledge of Becker's paper might have affected the scope of the debate about ending conscription.

3. Becker's Connections to Conscription Researchers

By the time others began analyzing conscription for the DOD in 1964, Becker was a well-known economist. He had published seminal work on investment in human capital, education, training, and discrimination (Becker, 1957*e*, 1962, 1964). If those working on the economics of military manpower had known of Becker's conscription paper, they likely would have acknowledged it. Moreover, Becker was connected to many of the individuals involved with the internal DOD study of the feasibility of ending conscription (1964-1965), the President's "Gates Commission" on an All-Volunteer Armed Force (1969-1970), or in writing papers related to conscription. Despite these facts, as far as we are aware Becker's conscription paper was never cited prior to Perri (2008) and Mulligan (2015).

We investigated these connections between Becker and those working on the economics of conscription a few years after he wrote his unpublished RAND report. We found many such connections, but scant evidence that any but his thesis chair (H. Gregg Lewis) was aware of that report.

³ Bernard Rostker held many government positions in the DOD, and wrote the definitive study of the evolution of the all-volunteer military (Rostker, 2006). Rostker argued there were five reasons why the U.S. was ready to move to an all-volunteer force in the early 1970s. One of the reasons was the "... rational and intellectual basis ..." offered by Milton Friedman for ending the draft (Nixon Legacy Forum, 2012, p.5). Becker's paper on the draft preceded Friedman's extensive writing on that subject by almost a decade.

⁴ Rostker (personal communication, 2020).

Chicago

The first published paper on the economics of conscription appears to be by Edward Renshaw (Renshaw, 1960). Renshaw earned his PhD at Chicago in 1958, so he probably knew Becker there. It is unlikely that they communicated after Becker left for RAND and Columbia in 1957, and Renshaw does not mention Becker or cite his conscription paper. Renshaw did thank Roland McKean of RAND (who also earned his PhD at Chicago, in 1948) for comments on his paper. Three years earlier, Becker thanked McKean for comments on *his* conscription paper! It is possible that Becker influenced Renshaw's work on conscription indirectly, via McKean, who certainly had Becker's paper. However, Renshaw's paper is quite different from Becker's. He presents a public finance perspective, treating conscription as a tax. Renshaw cites an earlier draft from 1959, suggesting that he worked on conscription only after both he and Becker had left Chicago.

We have correspondence between Becker and his dissertation advisor H. Gregg Lewis, from 1957-1979.⁵ We found none after 1957 on any issues concerning the military. In a July 21, 1957 letter, Becker (1957a) mentioned that he was at RAND working on papers on conscription, and on training and pay for military personnel (1957b). Lewis replied⁶ on August 1, 1957:

... I would like very much to see the papers you have prepared ... I know that you have had this general topic on your mind for quite a long time and have done work on it both here and at RAND.

Lewis suggests that Becker had such topics in mind for some time, and had done preliminary analysis on the topic before leaving Chicago. We are unaware of any written work by Becker on conscription or other military topics before his RAND papers, but Becker may have had informal conversations with Lewis, and possibly other colleagues and students, about the economics of conscription.⁷

⁵ *The H. Gregg Lewis Papers, 1939-1990*. Correspondence Series. Becker, Gary, 1957-1979. Box 10. David M. Rubenstein Rare Book and Manuscript Library, Duke University.

⁶ Lewis (1957a, p. 1).

⁷ As the first author (former student and teaching assistant to Becker) painfully but fondly remembers, Becker regularly wrote homework, test, or PhD Core Exam questions on new ideas he was considering working on, often unsure as to what the correct answer would be.

In a second letter to Lewis on October 8, 1957 (Becker, 1957*d*), enclosed those two papers, and discussed some of the issues considered in both. Lewis acknowledged their receipt in a letter dated October 16, 1957 (Lewis, 1957*b*).

In 1964, Deputy Assistant Secretary of Defense William Gorham was asked to lead a study on the budgetary cost of replacing conscription with a volunteer military.⁸ Gorham contacted Lewis to ask him to serve as Director of the Economic Analysis Division of the study. Lewis had a previous commitment, and suggested Walter Oi for the job (see below).⁹ Lewis had received Becker's paper on conscription seven years before. Lewis may not have contacted Becker in 1964 about the DOD study because he realized that Becker (like himself) was too busy to spend a year on the project.¹⁰ Oi had worked on fixed labor costs and transportation issues (Oi, 1962; Oi and Shuldiner, 1962), but had done no work that we can find on military issues. It is curious that Lewis apparently did not mention Becker's paper to Oi.

Milton Friedman also served on Becker's dissertation committee, and they remained close friends and colleagues until Friedman's death. Friedman was a famous advocate for an all-volunteer military. His interest in the possibility of replacing conscription may stem from 1940 when the first peacetime draft was debated.¹¹ In his joint autobiography with his wife Rose, Friedman says he had publicly favored ending conscription "... beginning with the Wabash lectures and *Capitalism and Freedom*."¹² Friedman gave some lectures at Wabash College (Friedman, 1956). However, he seems to have been mistaken, since there is no mention of conscription in those lectures. In *Capitalism and Freedom* (1962), he briefly suggested that

⁸ Rostker (2006, p. 29).

⁹ Oi (1999, p. 18, fn. 14).

¹⁰ Becker was heavily involved in the Labor Economics Workshop at Columbia then (Grossbard-Shechtman, 2001).

¹¹ Allen Wallis was President of the University of Rochester when he was appointed to the Gates Commission in 1969. He had been a graduate student in the 1930s at the University of Chicago with Milton Friedman, and they remained friends (Friedman and Friedman, 1998). Wallis told Walter Oi that he, Milton Friedman, Aaron Director and other former Chicago classmates discussed the draft in 1940 (Oi, 1996, p. 53, fn. 23).

¹² Friedman and Friedman (1998, p. 377). In *Capitalism and Freedom* (1962), the Friedmans say the book is based on the Wabash lectures and other lectures. It is possible Milton Friedman discussed ending conscription in those other lectures.

conscription should be replaced. His first written work solely focused on a volunteer military was in 1966 (Friedman, 1966).¹³ He never cited Becker's conscription paper.

We have correspondence between Becker and Friedman from 1953-1983.¹⁴ There is no mention of Becker's conscription paper. In the video noted above, Becker mentioned his conscription paper and expressed disappointment that RAND had not published it. Friedman appeared to be unaware of the paper.

Columbia

Becker continued to be interested in conscription and military manpower issues when he was a faculty member at Columbia from 1957 to 1969. For example, one of four questions on his microeconomic theory exam in 1965 involved the tax burden and composition of the military with conscription and a volunteer military, and how the answer changed if those conscripted could hire a substitute (Collier, 2018). Becker's textbook *Economic Theory* (1971) was based on his graduate price theory lectures at Columbia from 1967-1968. In Lecture 34, Becker discussed the level of military pay required for a volunteer military, and cited Oi's work on estimating the supply of individuals to the military.

William Landes, Becker's teaching assistant at Columbia in 1964-1965, recalls Becker discussing a volunteer military in class, and mentioning the Rand papers in their conversations. Upon reviewing a draft of this paper, Landes remarked, "[Becker] must have also discussed his work [on conscription] with several of the economists mentioned here."¹⁵

At Columbia, Becker advised students on at least two doctoral dissertations that involved military manpower. Gorman Smith, an active duty U.S. Army officer, wrote a thesis (Smith, 1964) that Becker supervised on occupational pay differences. Smith's dissertation was closer in content to Becker's other

¹³ Appelbaum (2019, p. 29) says that Friedman first condemned conscription in his Wabash College lecture, but his source is *Capitalism and Freedom* (see Appelbaum's footnote 27 on p. 343). For other examples of Friedman's writings on the draft, see Friedman (1967a and 1967b).

¹⁴ *Collected Works of Milton Friedman*. Milton Friedman papers, Box 20, Folder 30, Hoover Institution Archives.

¹⁵ Landes (personal communication, 2020).

RAND paper on training and pay in the military, but also considered conscription. Smith's main concern was the optimal compensation package required to retain trained individuals in the military.

Anthony Fisher wrote a 1968 dissertation, supervised by Becker and Jacob Mincer, on the costs of conscription and of ending conscription, published the next year (Fisher, 1969). Fisher's paper is strongly related to Becker's RAND paper on conscription. Fisher estimated a labor supply schedule, and calculated how much pay would have to increase if the draft were eliminated. Becker had discussed both issues in his paper. Given the close relationship between the content in the Fisher and Becker papers, it seems likely that Becker discussed his ideas with Fisher, though he might not have shared (and might have already misplaced) the RAND conscription paper. We contacted Fisher in April 2020; he did not recall seeing that paper. Neither Fisher nor Smith cited Becker's RAND papers, or indicated any familiarity with them.

Martin Anderson was a finance professor at Columbia when he became an advisor to Richard Nixon's 1968 presidential campaign. Anderson was an early proponent of a volunteer military (Anderson, 1967). In 1964, the year in which Anderson joined the Columbia faculty, Milton Friedman began an academic year visiting Columbia, and Anderson cultivated a relationship with him. In 1967, he read the comments Friedman and Walter Oi made at the December 1966 conference on conscription held at the University of Chicago. Already an advisor to the Nixon campaign, Anderson wrote a memo on moving towards a volunteer army, which piqued the curiosity of Nixon (Appelbaum, 2019). At that time, Becker was an economics professor at Columbia. We did not find any evidence indicating that Becker and Anderson knew each other then, or their work on a volunteer military. Later, both were affiliated with the Hoover Institution (Anderson beginning in 1971, Becker beginning in 1973). Both served on a policy advisory board for the Department of Defense beginning in 2001 (Hoover, 2001; Knott and Asher, 2001). However, the draft was not likely a topic for that board, given that a volunteer military had existed for almost thirty years.

Rochester

A group of economists at the University of Rochester became heavily involved in analyses of a volunteer military in the late 1960s. Allen Wallis, the president of Rochester, was opposed to conscription. In December 1968, he met with his friend Arthur Burns, a domestic policy advisor to President-elect Nixon. Wallis then called William Meckling, dean of the Rochester's Graduate School of Management, who assembled a team to prepare a report for Burns on the budget cost of eliminating conscription. The team consisted of Martin Bailey, Harry Gilman, and Walter Oi, the latter having joined Rochester's faculty in 1967.¹⁶ Wallis became a member of the Gates Commission on an All-Volunteer Armed Force (created in 1969). Subsequently, Meckling served as the Commission's executive director for research, supervising four research directors: Gilman, Oi, Stuart Altman, and David Kassing.¹⁷ Meckling was one of five individuals thanked by Becker for his comments on Becker's RAND conscription paper, but we found no mention of the paper by Meckling. Perhaps he had forgotten it ten years later.

Walter Oi and Becker had the same dissertation supervisor at Chicago, H. Gregg Lewis. Oi became a graduate student at Chicago in 1954, the year Becker transitioned from student to assistant professor. We do not know if Becker taught any classes in which Oi was a student, though they certainly knew each other and would have attended some of the same workshops.¹⁸ Lewis sent Becker a letter dated August 1, 1957 (Lewis, 1957a) stating that Oi would try to see Becker before the latter left RAND for Columbia. According to Lewis's letter, he had told Oi that Becker had some ideas about Oi's dissertation. If they did meet, it seems plausible that Becker discussed what he was working on at RAND. However, we have no evidence that they actually met at that time.

In Oi's 1962 paper in the *Journal of Political Economy* on quasi-fixed labor costs (based on his 1961 dissertation), he thanked Becker for sharing two unpublished papers.¹⁹ Presumably, one of these

¹⁶ Oi (1996, pp. 44-45).

¹⁷ Singleton (2018, pp. 516-517).

¹⁸ Becker attended Oi's presentation of his work on labor as a quasi-fixed cost in a Chicago workshop in 1956 (Oi, 1999, p. 15).

¹⁹ Oi (1962, p. 538).

papers became Becker's 1962 article on training in the *Journal of Political Economy*.²⁰ We do not know what the other paper was.

4. Why No Apparent Influence?

We are left with a curiosity for the history of economic thought. Gary Becker famously pioneered many new and creative applications of microeconomics over his career. One of those was what seems to be the first formal economic analysis of conscription. The paper is characteristically Beckerian in how so many economic ideas are packed into a short first draft. The analysis raised many issues later considered in the literature. However, it was not cited in that literature, and Becker does not seem to have participated in or influenced that important economic and policy debate, though he knew many of the key figures. Fifty years later, he expressed pride in the paper, and regret that his work had been unpublished and forgotten.²¹

While Becker may have provided the first formal analysis of conscription, he probably did not come up with this topic on his own. Walter Oi reported hearing that Friedman and his former Chicago classmates discussed the draft in 1940, in the context of debate about whether or not the U.S. should enter World War II. Friedman was probably Becker's most important influence from when he first arrived at Chicago and throughout his career. Friedman taught the PhD Microeconomics class in the era when Becker was a student. It would not be surprising if Becker's interest in conscription was inspired by Friedman via conversations, lectures, or a homework or exam question.

It is possible that Becker's analysis influenced the most important work on conscription, by Walter Oi. When Oi arrived at Chicago as a graduate student, Becker was a new professor, who might have taught him. Both were students of H. Gregg Lewis, and Becker may have provided some advice to Oi at the early

²⁰ Becker's work on training at RAND (Becker, 1957*b*) contained the seeds of his later work on general and specific training, but was quite preliminary (Perri, 2019). Becker sent part of a chapter to his reading committee at the National Bureau of Economic Research (for whom *Human Capital* was published) dated August 31, 1959 (Becker, 1959). This material formed the theoretical core of his 1962 *Journal of Political Economy* article and the book *Human Capital*. The unpublished papers of Becker's that Oi mentions are likely based on Becker's work on human capital at Columbia and the National Bureau of Economic Research after he left RAND in 1957.

²¹ Guity Nashat Becker (personal communication, 2020); Liberty Fund (2003).

stages of his dissertation. We do not know if Oi visited Becker at RAND, but Oi later thanked him for providing two working papers. One of them could have been the other RAND report by Becker, the one on training.

Beyond Walter Oi, we found no evidence that Becker played any role in the efforts to study the economics of conscription that were initiated by the DOD. He did not work on or advise the commissions, is not cited in any of the research, and did not attend any of the major conferences. The two Columbia students that he advised on theses related to military manpower were not part of that DOD effort and policy debate. Given his connections to many of these economists, and the strength of the ideas in his RAND report, why was this the case? There are several possible explanations, which are not mutually exclusive.

First, he lost the paper at some point after his move to Columbia. He might have felt it was either too late to ask RAND to search for a copy when the topic became important some years later, or inappropriate since they had rejected it. He may have been too busy with other topics and work at Columbia. He might have felt that the DOD-inspired efforts were already well advanced, and would not benefit from his old working paper.

Becker may have been reluctant to interject himself and his old ideas into the new debate out of a combination of reluctance and disappointment. In his introductory remarks in the Hoover post in 2007, Becker wrote:

I was discouraged by the Rand rejection. I also felt that the opposition to a fully voluntary military was so powerful that the United States would never abandon the draft. Naturally, I did not anticipate the Vietnam War and the enormous reaction against it, especially by young people subject to the draft. This reaction and opposition led then-president Nixon to set up the Gates Commission in 1969 to consider whether to keep the draft. Fortunately, Nixon asked Milton Friedman to serve on the commission, and he was a persuasive advocate of fully voluntary armed forces, turning an initially divided commission into one that unanimously supported ending the draft. The draft ended in 1973. Since then, other countries—France and Germany, for example—have been persuaded by the U.S. example to end conscription.

This quote helps explain why Becker did not circulate the paper other than to Lewis or work further on the topic.²² As a RAND consultant, Becker was bound by the terms of the DOD contract that funded his research. RAND contracts generally state that it will not publish work without clearance by the funder, in this case the Air Force.²³ It is possible that Becker could have worked on the topic and published it after leaving RAND. However, the Air Force was the primary source of funding for RAND at that time. If they were (not surprisingly) unhappy with a working paper titled *The Case Against Conscription*, and rejected it for working paper status, he may have felt that he was not allowed to pursue it further, or should not do so out of consideration for RAND's relationship with the Air Force. He may have decided that it would be best to refrain from mentioning this work to others.²⁴

Finally, Becker might not have been interested in attempting to shape public policy. He may have believed that economists should analyze problems using the best economic analysis they could, without considering whether public policy would be affected.²⁵ He may have felt that politicians were unlikely to eliminate conscription (Mulligan, 2014). Regarding Becker's conscription paper, a *Wall Street Journal* interviewer said that he was "... discouraged from publishing it because ... the popular view was that the military draft could never be abolished."²⁶ Furthermore, Becker had already moved into human capital research by 1957, and he had other research interests by the 1960s, including crime and punishment, self-insurance, and marriage.

Becker's early work on conscription apparently influenced him throughout his career. In discussing the limits to using prices and markets to organize the economy, Becker (2012) noted that opponents of a volunteer army thought such soldiers would be mercenaries. He argued that the then almost thirty years of

²² If this is the case, why did he share the paper with Lewis? As Lewis indicated, they had been discussing conscription previously, and Lewis was a close advisor. Moreover, he sent Lewis the papers in October 1957, just after arriving at Columbia. The paper might have still been under review at RAND for working paper status. Alternatively, he might have decided after sharing it with Lewis that wider dissemination might not be wise, given the reaction to it by the Air Force.

²³ We thank Beth Asch for helping us understand these contractual issues for RAND projects and external consultants.

²⁴ Moreover, in 1957 Becker faced "strong opposition" to publication of the book version of his PhD thesis, *The Economics of Discrimination* (Becker, 1957e).

²⁵ We thank Casey Mulligan for insight on this argument.

²⁶ O'Grady (2009).

experience in the U.S. with a volunteer military disproved the arguments of those opponents. Additionally, Becker and Elias (2007, 2014) considered the market for organs. They compared arguments against paying organ donors to the previous arguments against paying market wages with a volunteer military.

It is of interest to note yet another creative application of microeconomics by Becker at the beginning of his career, but also that he dropped the topic even though it became a major public policy question seven years later. Fifty years later, he published an abridged version of the paper online. We conclude with a bit more of his introductory remarks when he did so:

This experience taught me that ideas and policies that are politically impossible at one time can come to fruition later if events and circumstances change. Analyzing defects in public policies can create intellectual ammunition, if you will, for dramatic policy changes not yet on the horizon.

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