

WELCOME

Welcome to the inaugural conference of the Initiative on Chicago Price Theory.

Chicago Price Theory, a unique approach to economics, emphasizes the fundamental role of markets and incentives in understanding and improving all aspects of modern life. This style of research emphasizes the use of rigorous models to develop testable hypotheses, followed by careful testing of these models using real-world data. In contrast to the recent trend in the field of economics, which has seen a growing disconnect between those who study economic theory and those who work with data, Chicago Price Theory is based on the premise that answering important economic questions correctly requires the ability to combine theory and data.

The tools of Chicago Price Theory have proven to be incredibly powerful when put to use by the great minds of Gary Becker, Ronald Coase, Milton Friedman, and George Stigler, all clearly in the top rank of the 20th-century economists. Analyses using the Chicago approach have changed in fundamental ways our beliefs on major issues such as human capital, property rights, the intents and consequences of public policies, the functioning of labor markets, the educational system discrimination, savings behavior, the origins of the Great Depression, crime and punishment, and the workings of the family.

To build on this rich tradition and to guarantee that Chicago GSB remains at the center of this research area, a university-wide center known as the Initiative on Chicago Price Theory has been formed. Housed here at Chicago GSB's Hyde Park Center, its goals are to attract and retain the world's leading scholars with a passion for this style of research, to establish postdoctoral fellowships that bring the very best freshly minted PhD's working in this tradition to Chicago GSB, and to develop courses and materials that will expose students to the power of these ideas.

We have assembled an exceptional group of panelists to discuss some of the most fundamental economic issues of the day. We hope these two days provide you with a small taste of the exciting—and sometimes surprising—ways in which the tools of economics are being used to explore all facets of modern life.

Steve Levitt

Kevin Murphy

Ted Snyder