

## **Douglass C. North, 1920-2015**

With the passing of Doug North Monday night, the world lost one of the great economists of the last century. Doug was known for his intense curiosity and his relentless – and even mischievous – pursuit of new ideas. He was a great friend, colleague, and coauthor, and I'll miss him terribly.

Doug was never satisfied with his ideas, always pushing to expand his understanding and knowledge. He would say he was dumb, that he had to mull things over and over again. In truth, he was a visionary. It was as if he could see into the future. He would say he was sure that a particular idea was relevant to the question we had posed. When asked why, he said he didn't know. But three months later it would be obvious.

Most academics are lucky if they participate in one revolution in their field. Doug was at the forefront of several.

His first book, *The Economic Growth of the United States, 1790-1860* (1960), helped foster the revolution that came to be known as the "new economic history," the application of frontier economics to the study problems of the past. He and Bob Fogel were awarded the Nobel Prize in Economics (1993) largely for their leadership in this new research program.

But Doug understood that the neoclassical economics on which he was raised was inadequate to address the problems he sought to answer, namely, why are a few countries rich while most remain poor, some in dire poverty? Much of his best work addressed this question, including his next four books.

Doug launched his findings in a book with Lance Davis, *Institutional Change and American Economic History* (1971). With Robert Thomas, he wrote *The Rise of the Western World* (1973), which began his exploration of the role of rights and institutions in political-economics of development. Arguably his best book, *Structure and Change in Economic History* (1981), dug deeper into the problem of development, providing the beginning of the Northian approach to understanding institutions. *Institutions, Institutional Change, and Economic Performance* (1990) represents the culmination of this research path and remains the premier statement of the profound role played by institutions in economic, political, and social realms of action. This work has been cited more than 41,000 times in academic research. Twenty-five years later, economists, political scientists, and sociologists continue to mine this rich line of research.

The next research turn went to the heart of human action, focusing on the limits of the economists' assumption of rational choice. In *Understanding the Process of Economic Change* (2005), Doug drew on recent developments in cognitive science to expand our understanding of human choice and action.

His last book, coauthored with John Wallis and myself, developed a new approach to thinking about the problem of development. *Violence and Social Orders: A Conceptual*

*Framework for Interpreting Recorded Human History* (2009), highlights the role of violence. Needless to say, I will leave it to others to evaluate the merits of this work.

I have a large range of personal memories of Doug as friend and scholar. He always wanted to learn more, and had a rare knack for listening to the ideas of others. He spent the academic year, 1987-88 at the Center for Advanced Study in the Behavioral Sciences. During this period, we completed our first paper, "Constitutions and Commitment: The Evolution of the Institutions of Governing Public Choice in 17<sup>th</sup> Century England." This paper proposed a new approach to thinking about the role of Constitutions in securing the role of government in promoting long-term economic growth.

Never a fan of the growing mathematization of economics, Doug told me when he arrived at Stanford in 1987 that he didn't like all the game theory being used at Stanford to study economics, but since Stanford was known for it, he wanted to learn more. He asked me to set up some lunches where he and I met with some of the prominent game theorists. The two of us really hit it off with one, Paul Milgrom. Paul impressed Doug, not only for his brilliance, but for his attitude about economics and research more generally. In discussing the role of mathematics in economics, Paul said, "first we get the economics right, then we build the models." This suited Doug's philosophy, and he (and I) were seduced into a collaboration that produced our joint paper on the medieval "Law Merchant" (1990), a paper seeking to understand the role of law and judges prior to the rise of the nation state with an ability to enforce laws across a larger territory.

Beginning in the early 1990s, Doug and his wife, Elisabeth, began spending the winters at Stanford's Hoover Institution. This gave us a period of close contact every year, allowing us to enjoy one another's company and to pursue our collaboration.

Doug was at Stanford Hospital, for a problem in 2013. I sat with him talking and joking when one of the Hospital's chaplains walked in. He introduced himself and said to Doug that he was here to see that Doug was "on the mend," on the "up and up," and so on. Doug said nothing for a while, just staring at the Chaplain who continued to spout platitudes, and, I thought, wondering whether Doug was sentient. At some point Doug said in an authoritative voice, "Listen, Bub, there's only one way out of this life." The chaplain was clearly taken aback, saying, "oh, I see, oh, I see -- well yes -- oh, I see," and then left.

This Thanksgiving I'll give thanks for the many years I enjoyed his friendship and collaboration. All our best to Elisabeth.