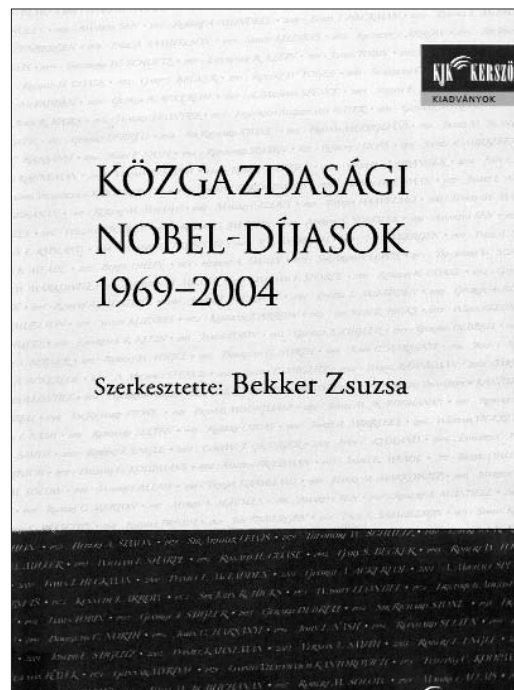


# *Nobel prize laureates in economics 1969–2004*

*Edited by Zsuzsa Bekker*

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**Z**suzsa Bekker, professor of the Corvinus University of Budapest, has accomplished a significant enterprise with this book. Although countless information, analyses and reviews are published about the life-work of the economists who win the Nobel Memorial Prize as early as on the day of announcing the award in Stockholm, it is nevertheless – or for that very reason – extremely difficult to briefly summarise in a reference book the career path, achievement and influence of a scientist or the controversies over his work. For this book is a rather hefty volume. Of course, few will read it as the reviewer who has read it as a saga from cover to cover. Of course, it is not a novel; a reference book should not be read as a story. I presume those who read the book, do it with a specific aim: to learn – for instance – about a scientific school or the path-breaking and conceptual life-work of a great personality. The book

offers a lot even in this respect, since after presenting the biography and intellectual achievements of the prize-winners, the essayists of the book – in addition to listing the major works of a scholar – enumerate a dozen or more of the most important reviews and specialist literature written about him.

It also makes sense, however, to read it linearly. But not exactly like in *Karinty's* sketch in which the professor's wife read a mathematical dissertation as a romance. Although she could not understand all the complexities, she concluded with satisfaction that at the end of the novel X and Y did meet after all, all be it in infinity. When reaching the last page of the records covering 35 years we know, as a matter of course, that it is not the end of the story. But it is not the only reason why it is hard to tell where the plot is going to wind up in the history of economics. For the authors of this book write stories about characters

that have been selected by others. So this is a serial whose characters are chosen by the Nobel Committee. This prize was awarded to 55 male scientists (yes, only to men) until 2004 as a result of a not entirely transparent procedure. On the basis of such a period of time and number of people, certain trends could be established in respect of the chosen subject, work method, personality and scientific-social bonds of the most prominent economists, although, according to the very rules of our discipline, we must proceed with caution in analysing this multitude of limited representation.

So, who can win the Nobel Prize? In her introductory essay Zsuzsa Bekker refers to *Friedman*, according to whom a candidate stands a better chance if he is a man, an American and a graduate from the University of Chicago. Certainly, two-thirds of the recipients are American nationals or have become one in the course of time. There were seven British, five Scandinavian scientists, and the rest of the world shared the remaining five places. A man had a far better chance to win if, beyond his position as Harvard or Columbia university professor, he was an associate of the American Cowles Commission, or if he worked for the American National Bureau for Economic Research (NBER).

This is the final result although we have not even unfolded the plot. If we do read this textbook chronologically, we often feel that we have found a thread, but we often lose it in the next chapter. The prize, established in 1968, was first awarded to pioneer scholars and undisputed giants in pursuing high theory. Since – unlike in natural sciences and literature – this was a new award presented in the field of economics, at the outset there were obviously too many outstanding intellectual contributions to be rewarded. It was perhaps in the mid-1980s that beyond the deserving scholars whose award was long overdue, the

awards committee had an opportunity to reward outstanding accomplishments in the study fields of economics outside the strictly defined mainstream. When reading works of the prize-winners in the past ten years, we can often obtain an insight into the achievements of a sub-branch of the discipline or a fringe movement.

Arriving at the present time, the reader may conclude that he has no firsthand experience of reading any publications of some of the new Nobel Laureates. This is not entirely attributable to a gross negligence on the reader's side, because while from the 1970s onwards the Nobel prize was given to living classics in economics, it is now – as customary in other classical disciplines – given as a recognition of outstanding contributions made in a specialised branch of science in the years preceding the decision rather than as a reward for life-work.

When reading this book as a novel, other threads of the story are unravelled (then disappear). At the beginning, the award was mainly granted to those who have strengthened and fine-tuned conceptual and mathematical clarity within economics, we could almost say to those who have turned economics into a 'science'. In any case, it is certain that strong mathematical competence and considerable methodological groundwork are always evident in the work of the winners. This trend, however, becomes less important, because despite finance, economic-mathematical modelling and econometrics, i.e. several "tough" areas of economics, continue to dominate the subjects chosen by the winners, subjects of institutional economics also appear as it were to prove that economics, contrary to all rumours, is a social science. This is how Adam Smith's great work was conceived at the time when he studied the economy of nations, and found that the division of labour and co-operation among

people emerged above all the other possible explanations for prosperity.

The editor – sparing no effort – has won over the most prominent representatives of Hungarian economics to review the 35 years. Most of these expository and analytical papers are genuine essays. I hope I will not offend those by this qualification who consider their study published in this book a part of their professional work. An essay is no less, rather, it is more than a well-written professional article, since the essayist attempts to (this is why the name of this genre originates from the French word 'essai') discuss a complex and far-reaching subject relatively briefly and, as far as possible, clearly for all. For precisely this was needed for the simultaneous presentation of a scientist's scientific and public profile and the summary of the evolution in a field of research.

There were some among the 49 authors who accepted the genre of the essay and even enriched it with some personal aspects. For instance, *János Kornai* who, talking about the life-work of *Kenneth Arrow*, instead of focusing on the most well-known and most often analysed achievements of the scientist, has summarised his contributions that are especially interesting for an essayist today (and apparently less known by the majority of Hungarian readers). In *Arrow's* case, it is related to his work on the economics of healthcare and, in particular, to his statement about the transition following socialism. The essayist's personal attitude is not as evident in the writing of *Aladár Madarász*, but his two essays assessing the work of *Hayek* and *Myrdal* respectively are more than a mere study and summary – they refer briefly to issues of international and Hungarian perception, to the possible disputes and considerations behind the shared prize given to two scholars of very different schools of thought.

While *Aladár Madarász* is a “full-time” his-

torian of theory, others have approached the scholar they had to write about (or chose) from their own field of research rather than the history of theory. In such cases, an in-depth analysis and summary are given about the field of research under review in addition to presenting the Nobel recipient. My opinion is of course subjective, but I have found *János Vincze's* paper on the 1988 prize-winner French scientist, *Maurice Allais* especially educational. We know little about *Allais's* life-work, and, it may sound strange but language barriers play a part in it, in so far as today English has predominance over all European and non-European languages. The chapter about *Lucas* (written by *Júlia Király*), as well as the one presenting *Ronald Coase's* career (by *Pál Valentiny*) are also gratifying reading. It would be hard to pick even a few of the many interesting and profound studies. For the reviewer those have been particularly interesting which have dealt appropriately with a scientist's reception in Hungary.

Although it is not a tendency, it is nonetheless worthy of attention that several of the winners of recent years have researched the operation of financial markets and the micro-economic (financial) links of the macro-theory. *Modigliani's* far-reaching pursuit received distinction in 1985, *Merton Miller* in 1990, together with two other scientists: *Harry Markowitz* and *William Sharpe* who have come into prominence by elaborating financial subjects. The above-mentioned *Lucas* has also enhanced monetary theory (as well as the theory of economic policy). *Robert Merton* and *Myron Scholes* (1997 winners) are living classics of modern financial theory. At the same time, the award given to *Amartya Sen* for his contributions to welfare economics, and to two economic historians, *Douglass North* and *Robert Fogel*, puts a halt to our urge to form trends. It seems that the awards committee has recently not only recognised for-

malised and “hard” economics but at times also the interrelated and adjoining areas of economics.



The editor of the book has won over prominent personalities of Hungarian economics to write the essays. Beyond the doyens of the profession, among the authors are representatives of the middle generation

and a number of young people. It must have been a challenging task to fit the chosen subject into the limited size of an essay. It is to the editor's merit that the reviewer could hardly find any fault in the large volume. I recommend this book to professors, university students and to all who wish to become familiar with the recognised achievements of an important social science.

*Péter Ákos Bod*