

**Honorary Doctorate Oration –
Robert A. Mundell
LSE December 2006**

by
Danny Quah
Professor of Economics and Head of Department
Economics Department LSE

Director, honored guests, and ladies and gentlemen:

It is my privilege this morning to propose Prof. Robert Mundell, of Columbia University, for an Honorary Doctorate from the LSE.

In 1999 Prof. Mundell won the Nobel Prize in Economics, for his work on monetary and fiscal policy under alternative exchange rate regimes and his research on optimal currency areas. Not mentioned by the Nobel Committee but at least as significant, Prof. Mundell is also justly-celebrated for developing radical ideas on tax reform and for formulating what has come to be known as supply-side economics—the deceptively simple idea that what matters for a nation’s economic performance cannot be just what its consumers want to consume but also what its producers want to produce.

Summing all these together less technically but perhaps more usefully, Prof. Mundell has, as no one else, shaped the modern landscape of international finance and global capital markets, monetary and macroeconomic policy in open economies (which is the only kind of economy out there today), cross-national economic policy cooperation, rational income tax policy worldwide, the Euro zone, and the emergence or otherwise of single-currency blocs everywhere else. Simply stated, Prof. Mundell has helped shape the world in which you and I now live.

Prof. Mundell did this through sharp rigorous analysis, pen-and-paper logic, and sound good sense. His analytical research cut through inessentials, and focused unerringly on what mattered. Through his academic and policy articles—sparse, precise, and uncluttered, without a word or a hair out of place—his personal flair and style in communication, his drive to make the world around us a better place, his uncanny and prophetic foresight on the upcoming forces that would matter globally, ... well, out of these, a new global order emerged and continues to do so.

And, in turn, in the small corner of the world that is academic economics, Prof. Mundell’s name is forever enshrined in the Mundell-Tobin effect and the glorious Mundell-Fleming model. In 1980 Rudi Dornbusch wrote in his own textbook on Open Economy Macroeconomics of the “highly influential work of Robert Mundell, who created models and concepts that rapidly became the Volkswagens of the field—easy to drive, reliable, and sleek.” Through his papers and his students, Prof. Mundell has permanently changed the

academic world of international macroeconomics, as profoundly as he has done the real world of international macroeconomics.

Now, it is one thing to have changed what one academic discipline thinks and how it works. That takes only genius and insight, and perhaps a bit of luck. But to have done that, and changed the real world as well in one fell swoop smacks of Machiavellian planning. Or at least, in Prof. Mundell's case, it suggests that things are right with the world.

This focus on the central large issues, never losing sight of what is critical and central by being distracted into unnecessary details; this elegant, sparse modeling; and this profound impact on the world through ideas and through policy debate: Prof. Mundell is the macroeconomist's macroeconomist.

Born Canadian and educated first at the University of British Columbia, Prof. Mundell took his postgraduate courses at the Massachusetts Institute of Technology. In the middle of his time at MIT, when he won a scholarship that allowed him to study anywhere in the world, he chose to come to the LSE. And it was here at LSE that he wrote his PhD dissertation under the guidance of Prof. James Meade, yet another economics Nobel. Out of his base here in London Prof. Mundell also established now-permanent connections with Siena. And it has been from Siena where he chaired the highly-influential Santa Colomba series of conferences with economists, bankers, and policy-makers, the recommendations from which, following the breakdown of the Bretton Woods system, have helped write the rules of today's international monetary system.

In the midst of all this praise, however, for the purposes of due diligence and appropriate corporate governance, I feel I have to add a note of caution. Partly in researching this oration but partly because I like to find out more about the people with whom I get to have lunch, I did what one does these days: I googled "Mundell" and "economics". That was of course foolish. Quickly realizing I wouldn't be able to plow through the quarter of a million or so google hits, or the Wikipedia entries that might only offer a different telling of what I already knew, I decided instead to be adventurous and to search for "Mundell" on *youtube.com*, *metacafe.com*, Google Video, and a few others.

I made an astonishing discovery. Director, ladies and gentlemen, this might well be the first time in LSE's history that we have awarded an honorary degree to an illustrious academic who has racked up, at last count, *six* distinct appearances on the late-night US comedy talk show *The Late Show with David Letterman*. In one of these appearances Prof. Mundell recites the lyrics to the song *Bootylicious* by Destiny's Child. In another, he reads out excerpts from Paris Hilton's memoirs. But in his October 2002 appearance, his debut but the last video segment that I found, all is redeemed when Prof. Mundell tells the TV audience his Top 10 list, "The Ways My Life has Changed Since Winning the Nobel Prize."

Indeed, Prof. Mundell has collected honor upon honor, in addition to his Nobel Prize. His is a personality larger than life, and an influence on the

world that has done economics proud. It is right and proper that LSE formally re-ignite the past association that he and we have shared.

Director, I request that by the authority of the Court of Governors, you admit Prof. Robert Mundell to the degree of Doctor of Science (Economics) *Honoris Causa*.