

LAUDATIO FOR PROFESSOR PARTHA DASGUPTA

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An honorary prize always has two sides. One obviously is honouring the scholar that the institution has chosen to be the worthy recipient. The other side is that by choosing the most worthy recipients, the institution in turn participates in their worthiness. In deciding to award its Distinguish Fellow Prize to Partha Dasgupta, the Center for Economic Studies has made a choice that also honours itself and increases its reputational capital.

Dasgupta has always been a special type of economist, as testified by his rich Curriculum Vitae. To speak of his multifarious achievements would require many more minutes than I have. So, I prefer to utilize my time to focus on three main strands of his career. The first one has to do with his peculiar way of doing economic research; i.e. with his specific methodology. The second strand refers to his enduring contribution to economic theory. Finally, I will say few words about his personality, about Dasgupta as a typical intellectual of civil society. I start with the first strand.

Dasgupta's ability in combining analytical rigour and vision makes him a brilliant and creative scholar and, in particular a thought-provoking writer, able to pave the way towards new research paths. In Dasgupta we see economic theorizing at its most fundamental, almost formative, stage. Partha strives to achieve and succeeds in maintaining a balance between the requirements of analysis and the explicit recognition of the relevance of history and economic and political institutions.

This characteristic feature of Dasgupta's work derives from a seemingly simple but in fact highly sophisticated approach to the construction of economic theory that never develops in a sort of intellectual vacuum. His scientific agenda shows a remarkable mix of continuity and change. Which is partly due to the tolerant disposition that is characteristic of Dasgupta as a theorist, who has never accepted to enter idle disputes. His peculiar way of doing economics makes Partha's work so influential with so many authors of different schools of thought and methodological approaches.

Dasgupta is a humanist in the most honourable sense of this word. In tackling a question, he envisages not only its analytical side but also its social and human side, never forgetting that economic relationships are basically relations among human beings living in society that are both social and sociable. In this sense, Partha has accomplished a decisive step in intellectual development and has shown the path of further progress to future generations of scholars.

Moving to Dasgupta's scientific contribution, one cannot but observe that his theoretical work has extended into a variety of areas: foundations of growth and optimal growth theory;

environmental and resource economics; welfare; the economics of poverty and destitutions; the economics of industrial organization and technological change.

The models he developed in the '80s of last century about the relation between innovative activity, technological change and market structure have deeply affected the field of industrial economics and introduced a new and more rigorous methodology towards the study of market structure endogeneity and technological competition. Not only have his models inspired many theoretical extensions, but they have also supplied a solid framework of reference for applied industrial economics and management disciplines.

Dasgupta's contribution to game theory deserves special mention. His work on the existence of Nash equilibria in discontinuous games – universally known is the Dasgupta–Maskin theorem – ranks alone in its overall importance for the foundations of game theory. The same can be said for his well-known basic trust game. The work on uncertainty and hyperbolic discounting, while extending the notion of uncertainty, provides a solid foundation to the new and continuously expanding branch of experimental economics.

Partha's treatment of social capital and sustainable development is unrivalled in its depth and coherence. As we know, the notion of social capital was born within sociology (the French P. Bourdieu was the one who coined the expression in 1980). If today economists can make considerable use of this concept in their empirical research a great deal of the merit goes to Dasgupta's conceptual refinement and analytical specification of it.

The acuteness and sensitivity with which Dasgupta has been an observer of the economic scene have brought him to devote a special emphasis to the issues of poverty and sustainability. He argues that what matters for society's prospects is its productive base, reflected in its wealth. His findings and his estimates in the trends in wealth in various regions of the world suggest that the poorest regions appear to have become poorer in terms of wealth per head, which is in sharp contrast with the trends in GDP per head or in the HDI (human development index) provided by several world institutions. (See the important paper "Sustainability and the Measurement of Wealth", Dec. 2010, written with K. Arrow et al.).

My last words are words of admiration of Dasgupta's capability of combining idealism and compassion with hard-headed analysis. This attitude reminds me of Plato's famous phrase in his *Phaedrus*: "The furrow will be straight [and the crop abundant] if the two horses dragging the plough proceed at the same speed". Dasgupta never lost sight of the ultimate aim of economic analysis: the betterment and improvement of the human condition. In this specific sense he is a real civil society intellectual.

When Dasgupta writes that poverty traps are a reality and suggests that antipoverty policies should be site specific (since, poverty can be dynastic) and invites policy-makers to consider also the unintended consequences of intentional actions in their decisions, he shows in practice what does it mean to pursue in coherent manner the scholarship of engagement.

Again, when Dasgupta stresses that between poverty and inequality there is mutual causation – a notion very seldom considered by economists – and indicates that between the nutritional status and the capacity for work there exists a relation that explains why people become

poor and remain poor, he shows to have perfectly interpreted Albert Einstein's celebrated message: "Concern for man himself and his fate must always be the chief interest for all technical endeavours; concern for the great unsolved problems of the organization of labour and the just distribution of goods. Never forget this in the midst of your diagrams and equations". Today, in a phase of severe crisis – a crisis that is not only economic and financial, but above all political and moral - these words sound as prophetic.

I have to conclude. Thank you, Partha, for your uncommon generosity – particularly to junior colleagues – your sensitivity, your way of interpreting economics as a moral science. I congratulate you, Partha, for your enduring achievements and I congratulate the Center for Economic Studies.