

TEXT OF THE INTRODUCTORY ADDRESS DELIVERED BY **PROFESSOR G.E. BOYLE**, National University of Ireland, Maynooth, on 16 May 2003, on the occasion of the conferring of the Degree of Doctor of Economic Science, *honoris causa*, on **PROFESSOR JOHN SUTTON**

A Sheánsailéar, a mhuintir na hOllscoile agus a dhaoine uaisle,

It is a great privilege to introduce John Sutton, Sir John Hicks Professor of Economics at the London School of Economics, as a recipient of the National University of Ireland's award of Honorary Degree of Doctor of Economic Science.

John is an outstanding international scholar of the processes and factors that influence industrial structure.

Today just three companies dominate the world market for the production of commercial aircraft. Yet 70 years ago in the US alone, nearly 300 companies profitably engaged in the business. Kodak today dominates world sales of colour film with only two other companies having any notable foothold. From a situation where nearly every major country had its own domestic producer of telecommunications equipment, the world today is now supplied by just six companies.

John's quest is to explain the nature of such industrial concentration. He takes us on a fascinating journey. John is not satisfied to engage in generic explanations. He is not content simply to skirt on the surface of an issue. His books and papers contain not just profound economic insights but also a detailed operational knowledge of an incredibly diverse range of industries.

John has a remarkable ability in his research to draw on several fields of knowledge and to communicate complex notions with lucidity. The influence of his unique and distinguished university career is evident.

John obtained a First Class Honours *BSc in Physics and Mathematics* from UCD in 1969. He spent until 1970 on voluntary service with the UN in Turkey. He then worked as a physicist until 1972. He experienced his "Road to Damascus" conversion sometime around then because he returned to Ireland to study Economics at Trinity College Dublin and was awarded an MScEcon. in 1974. He completed his PhD. in Economics at the University of Sheffield where he lectured up to 1977. He has been at the Economics Department of the London School of Economics since then and in 1998 he took up the prestigious Sir John Hicks Professorship of Economics.

John is thus a rare breed of academic economist – he is both a Physicist and an Economist. This I believe has had a huge influence on his approach to economic issues and on the impact his work has had as a consequence.

Paul Krugman – one of the best known economists writing today – mentions a lovely story in the preface to his book *Peddling Prosperity* about the Indian Professor of Economics who tells his graduate class about his personal theory of re-incarnation. "If you are a good economist, a virtuous economist", he said, "you are reborn as a physicist".

I suppose we should take it from this tale, therefore, that John must be an economist of truly exceptional virtue!

[Incidentally, you might like to know that the Indian Professor also believed that "... if you are an evil, wicked economist, you are reborn as a sociologist".]

John has been a Visiting Professor at several renowned international institutions of learning such as Tokyo University, the University of California San Diego, Harvard University and the University of Leuven. He has also received a number of major academic awards, including the Medal of the Franqui Foundation, Belgium, fellowship of the Econometric Society and the British Academy. And just last month he was elected President-Elect of the Royal Economic Society. John has also served with distinction on several professional international bodies.

John has made a remarkable contribution to the field of industrial economics. That contribution is not just remarkable for the depth of his contributions but also for the manner that they've been achieved. In an era when there is a growing tendency for specialisation in economics, John stands apart as a unifier – he combines a highly refined and original theoretical approach to issues such as industrial concentration with a creative and bravely eclectic approach to the empirical testing of these theories.

John opens his delightful book *Marshall's Tendencies* – titled after the great Cambridge Economist Alfred Marshall – with a quotation from the philosopher Roger Scruton that is worth repeating

*"A human loves an explanation, and if a good one is not available, a bad one will be confabulated. We see patterns where there are none, and plan our actions around them". [End quote].*

John puts forward a simple but telling example to highlight the pitfalls that can follow from the application of inappropriate explanations or theories.

Following deregulation of the taxi service in San Diego and the massive increase in the number of taxis that followed, the city ended up with two types of taxi service – one catering for the local population and the other catering for tourists but charging substantially higher fares, presumably because tourists were less well informed than the locals. [Going on to tales from Dublin airport in recent weeks we seem to be experiencing remarkably similar unintended effects of unfettered deregulation.]

John points out that the standard economic paradigm that would be used to explain, in a very general sense, the implications of deregulation would fare very poorly in explaining the chaos that emerged at San Diego airport. Because effectively what was being observed was not one equilibrium but two equilibria. He goes on then to argue the desirability of allowing for and recognising the importance of, the detail of market circumstances and situations in applying appropriate theoretical models and in testing these models.

The example of the San Diego taxi service and probably also the Dublin taxi service, highlights for John that economic phenomena, unlike those of physics, are usually messy. In a few cases economists can use their theories with a substantial degree of confidence that they can deliver

accurate predictions of the phenomenon under examination. At the other extreme, the search for a complete theory may be a fruitless one. John advises that in these circumstances we should seek theories that identify bounds to economic relationships. He draws on this approach most successfully in his own work on industrial concentration.

The important message for all social scientists arising from John's approach to research is that we social scientists should never be dogmatic about the paradigms that we put forward to explain observed phenomena. Neither can we be rigid about the methodologies we employ to test the validity of our theories.

I would like in conclusion to welcome John's guests here today, especially his wife Jean and daughter Kate, his parents, John and Marie, who have come here from Clonmel, his aunt Ellen and his sisters Mary and Dolores. I hope you enjoy the event and appreciate the recognition being given to a truly outstanding international scholar.

*PRAEHONORABILIS CANCELLARIE, TOTAQUE UNIVERSITAS:*

*Praesento vobis hunc meum filium, quem scio tam moribus quam doctrina habilem et idoneum esse qui admittatur, honoris causa, ad gradum Doctoratus in Scientia Oeconomica, idque tibi fide mea testor ac spondeo, totique Academiae.*