



An Address
by
the President of Iceland
Ólafur Ragnar Grímsson
at
a conference in honour of Thráinn Eggertsson

ECONOMIC BEHAVIOUR AND INSTITUTIONS REVISITED

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Distinguished scholars
Honoured guests
Dear friend
Thráinn

When we first met, many eventful decades ago, the Republic was little more than a teenager, the Cold War had just started, and our small nation was still wondering how it had defeated the British in the struggle over the 12-mile economic zone.

Although ideological conflicts had then divided Europe into two hostile camps, each seeking strength through ever-increasing militarisation, and President Kennedy was soon to be elected – a few years before his famous Berlin speech – the world within the walls of our old high school MR, in the centre of Reykjavík, was more in keeping with the 19th century culture of classical literature, languages and arts, closer to Stephen Zweig’s “The World of Yesterday” than to the turbulent times that were in store for us all.

Already, Thráinn stood out in this joyful crowd, casting a doubtful eye and a tolerant smile at the wisdoms uttered by those of us who had the audacity to proclaim the truth on various matters, amusing himself and others with humorous comments on the struggle to gain power within the school’s debating society; characteristics which later served him well on both sides of the Atlantic in many prestigious halls of academia, a

heritage which enabled him to stand against the tide of mechanical economics, the fashion which interpreted human behaviour as if we were all nothing more than parts of a mechanical-matematical model.

It became my privilege, when not yet twenty, to accompany Thráinn to the University of Manchester, where we constituted the younger half of a group of four Icelandic students, all enrolled in the distinguished Department of Economics, Government and Social Sciences. There, on foggy winter days, cold evenings and for a few summer weeks, we enjoyed an intellectual journey which became the foundation of our thinking and endeavours, even though our paths led in different directions.

When distinguished scholars outline here today how Thráinn's contributions to modern economics were based on a broader view than those that for a while dominated the discipline, some might wonder where this Iclander got the audacity and the wisdom to proclaim that the Emperor needed more clothes, indeed a whole wardrobe! The answer is partly to be found in those Manchester years.

Of course, Thráinn's personality and character, and his upbringing by his mother and father, of whom he spoke so often, played a big part, but in Manchester we were presented with competing and complimentary views of human behaviour: No single discipline could master the understanding of why and how; *homo economicus* was simply an analytical tool, and often a misleading one. It was *homo sapiens* that would, through conflicts and complexities, provide the key to a more profound understanding.

In Dover Street they offered vigorous courses in economics, but we also had to study political science, sociology and anthropology; the old building vibrated with lively debates and interdisciplinary activities.

If you ask me – and mind you, I am the only one here today who witnessed these early formative years – whether the writings of Adam Smith, Malthus or John Maynard Keynes influenced Thráinn more than the fascinating and entertaining lectures given by Professor Gluckman, an anthropology pioneer, on the Zulu tribe in Southern Africa, I would, if you pressed me, have to cast my vote for the Zulus rather than the founding fathers of modern economics!

It may be an impolite and un-presidential conclusion in this prestigious company of economic scholars, but I firmly believe that when the orthodoxies of recent decades brought economic research and financial policy-making into dire straits, it was the memory of the Zulus

that gave Thráinn the strength to advocate an alternative view and to stick to his guns even though fashion called for another course.

Sitting in Gluckman's classes, we saw a strong resemblance between the Zulus and the Nordic viking culture and listened with fascination when the learned professor brought Shakespeare into his analysis, highlighting the similarities between the royal courts of British history and the tribal dances on the grasslands.

We realised that wherever we come from, however sophisticated the frameworks of our societies and the advances of our institutions, we all – Nordic Vikings, Zulus, English kings and nobles – belong to the same human family. No discipline should cut the study of economic behaviour free of the dimensions provided by culture, old and new, by the vigorous restrictions of political institutions, by the dramatic, vibrant and ever-changing forces in what we call society.

In recent years, our nations have suffered greatly because of the adoption of a narrow perspective claimed to be the one and only guidebook. Governments and businesses alike turned a blind eye to the school of thought in which Thráinn has now for decades been among the pioneering leaders, the school which calls on all of us to acknowledge that this is a journey, imperfect and unstable, in a train with many compartments, filled with human beings of all shapes and sizes, a colourful parade packed with people of different cultures and traditions, like an overcrowded Indian train running from Rajasthan to Goa.

It is therefore not only appropriate that we should here today honour a dear friend and a great and wise scholar, but that this gathering should also be a reminder that at the crossroads where we and many others now find ourselves, there is an urgent need to adjust our thinking, our policies and our actions, to the profound dimensions of the teaching that Thráinn has made his life's vocation.

The presence today of so many distinguished international scholars is a worthy tribute to Thráinn, and we thank you all for attending. While our friend probably looks at these proceedings with the reserved amusement, irony and humour which were already in evidence in our younger years, we all want you, dear Thráinn, to know that you most certainly deserve both this and the many other tributes you have been paid in recent years.