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The Show that demystifies Economics
Nobel Prize for Economics – part 2
Jean Tirole

by Max Farrington and Michael Hirsch



Jean Tirole, recipient of the Nobel Prize in Economics. Being named the 2014 laureate made him the third Frenchman to be awarded the prize after Gerard Debreu in 1983 and Maurice Allais in 1988. Tirole is the chairman of the board of the Jean Jacques Laffont Foundation at the Toulouse School of Economics, which leads an ambitious plan to make Toulouse the centre of economic research in France. He is also the Scientific Director of the Industrial Economics Institute in Toulouse, as well as a prominent member of many industrial associations.

The main focus of Tirole's work is on industrial organization, which builds on the theory of the firm by examining the structure of firms and markets. Basically, it adds real world complications to a perfect competitive model, and analyzes the determining factors of the organization and behavior of companies and markets and the effect of other forces such as competitiveness, monopolies or government actions. His other major fields of interest are the banking and finance sector, economics and psychology, and game theory.

To become such a brilliant economist, Tirole studied at the Massachusetts Institute of Technology where he completed his PhD in 1981 under the direction of Eric Maskin, who himself went on to win the Nobel Prize in 2007. Tirole lived his early life in the Champagne-Ardenne region, and moved to Paris in 1974 where he was already 21 when he began his first course in economics. He studied mathematics at the Ecole Polytechnique and then opted for economics as its mix of mathematics and social science intrigued him.

With his research and its contributions to his field, he has been granted honorary doctorates from the universities of Brussels, Montreal, Mannheim, Athens, Rome, Lausanne, and the London Business School, to name the most famous ones. He also received the Yrjo Jahnsson Award, a biennial award given by the Finnish Foundation of the same name and the European Economic Associations, which is awarded to European economists under the age of 45 who have made significant contributions to the field. He is also the second economist after Maurice Allais to receive the Gold Medal of the French CNRS in 2007.

Tirole considers himself a neutral economist, which in France means that he doesn't endorse a specific political ideology or national party. According to Alternatives Economiques, however, his measures against the financial crisis were "ideologically biased" because he favors the privatization of many public sector companies, supporting the idea of company responsibility, which means the state has less control over businesses, that could lead to more abuse of employees. He has also vocalized his opinion on global warming, explaining his fear is that negotiations will never work because China will continue polluting more and more, and as the country becomes more globally influential, the less they will negotiate.