

Acceptance speech for the Legion of Honor, rank of Officier

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Thank you for the honor you have bestowed on me

I have always felt France as an intellectual home—its commitment to social justice and intellectual and analytical rigor were the very things that had drawn me to economics in the first place. There was a natural empathy, arising from a shared sense of values and world-outlook.

My first encounter with France occurred in the mid and late 60's, where on a series of visits to Paris I got to meet and know both the greater economists of the time and the new emerging scholars--The former included Rene Roy, Serge Kolm, and Edmund Malinvaud, who subsequently invited me to serve with him on the Pontifical Academy of Social Sciences which at the time he headed. The latter included Grandmont, Laffont, Jean-Pascal Benassy. I vividly remember one occasion giving a lecture in a room darkened because loudspeakers used by protestors had blown the fuses. With chanting in the background, the seminar proceeded as if nothing had happened. It was a moment that, I thought, showed the richness of French intellectual life – how much it is intertwined with politics, popular culture, and people's day-to-day lives.

Over the subsequent years I worked closely with a large number of other French scholars, often as a co-author, one or two who are here today--Bernard Salinie, Patrick Rey, Patrick Bolton, Claude Henri, Jean Tirole, Jean Paul Fitoussi. My close interactions with the government of France began when I served as Chairman of the Economic Policy Committee of the OECD, and later as Chief Economist of the World Bank. I brought Francois Bourgignon over to the World Bank to work in my office and to be one of my advisors, and I was pleased when he subsequently followed me as Chief Economist of the World Bank, and then became head of the Paris School of Economics. We have shared a deep concern about the problems of inequality.

But I want to give a special thanks to the Government of France for giving me an opportunity to chair the Commission on the Measurement of Economic Performance and Social Progress--and for giving our Commission strong support and free rein in making our recommendations. The French government realized that what you measure affects what you do, and if we measure the wrong thing, we are likely to do the wrong thing. GDP is not a good measure of well being. Our Commission not only showed this, but showed how it could be improved upon. The French government not only endorsed our report, but pushed it at the G-20, getting support at the Pittsburg summit for continued work.

Progress has been slower than we might have liked--the crisis has not been good for funding. But the OECD has taken up our call, and we have been pleased at how a whole global movement has emerged. I went to an exciting meeting in Delhi this fall when almost 1000

representatives from different countries around the world discussed what their governments were doing.

Before concluding, I want to thank France not only for the support that it has provided, but for the broader role that it has undertaken in asking fundamental questions about what kind of society, what kind of economy do we want, what kind of society, what kind of economy will best serve our citizens. In the aftermath of the Crisis, it was clear that American style capitalism had failed. There needed to be a re-examination. On this side of the Atlantic, unfortunately, that re-examination has not occurred. The predominant view has been that we need to make a few minor adjustments to the plumbing. Fortunately, France has raised deeper questions--even if the euro-crisis has reduced the space for fully addressing them. At the same time, there is a recognition that with globalization, the questions have to be addressed collectively, and not just within the confines of a single country. When France headed the G 20, there was, at least at first, a push to open the door to discussions of deeper reforms of global governance. Unfortunately, the forces that wanted to maintain the status quo, at least for a little longer, prevailed.

Let me return to the theme I struck in the beginning: the commitment to social justice and to intellectual rigor. That the world's economy is not working the way it should is clear. With such vast waste of resources--we have unmet needs and underutilized resources, empty homes and homeless people--no one could say that our market economy is efficient. In the aftermath of the crisis, no one could say that our market economy is stable. And a casual look at the statistics makes it clear that no one could say that our market economy is fair, or that it has been leading to the enhancement of the well-being of most citizens. As many of the French activists have put it, another world is possible. It is my hope that France will continue to be a strong voice for the creation of this other world--and not just in France, but around the globe.