

A Nobel story

Peter Miller's research on pre-competitive information exchanges has attracted the attention of the Nobel Foundation, who invited him to speak at its recent multidisciplinary symposium on Foundations of Organisation. Three days of intensive debate later, had the academics found any common ground?

Most of the time, social scientists talk to people they know will largely agree with them. Rarely do they try talking to others who start from very different assumptions, or who use fundamentally different methods. This reassures social scientists they're on the right track, and it avoids too many daily squabbles. This is particularly the case when it comes to economists and sociologists. The former are good at simplifying and modelling complex issues, even if the end result appears somewhat distant from the world we live in. The latter are good at making complex issues even more complex, by describing the contexts and the conditions that gave rise to them – again the relevance may not be obvious to outsiders to the discipline. One often wonders what would happen if a bunch of each were put

in the same room, and made to talk to each other for a couple of days.

A rare and unexpected opportunity to find out was recently offered to me, in the form of an invitation to present a paper at a symposium organised under the auspices of the Nobel Foundation. I nearly missed the opportunity though, as my initial reaction to the email header was that it was probably a hoax. Mentally, I put it in the same category as those emails telling you that there's 65 million US dollars waiting to be collected from some obscure bank account overseas, if only you would send your personal bank account details. On further checking, I found out from the Nobel Foundation website that these symposia really do exist, and that there have been over a hundred since they were initiated in 1965. The guiding principle of

the symposia is that they are devoted to areas of science where breakthroughs are occurring, or that they deal with other topics of primary cultural or social significance. The symposia cover an extensive range of disciplines from physics and chemistry, through medicine, to economics. The range of topics covered since 1965 is bewildering and impressive. It includes, to mention just a few: Elementary (sic) Particle Theory; Disorders of the Skull Base Region; High Latitude Space Plasma Physics; and Particle Physics and the Universe.

In contrast to these lofty topics, the focus of the symposium I was invited to seemed positively mundane: Foundations of Organisation. But of course it turned out not to be. Likewise with the list of invited participants. Out of the nearly 50 invited participants, only two were from UK universities, and only ten participants, including me, had been invited to present papers. The other nine were: Robert Gibbons, Woody Powell, Susan Athey, Barbara Czarniawska, Stewart Clegg, Jean Tirole, Ronald Burt, Oliver Hart and Michael Hannan. The panel discussion that concluded the symposium was similarly impressive: Bengt Holmstrom, James

March, John Meyer, Charles Perrow, Richard Scott and Oliver Williamson. While I knew some of these people personally, many of them had already written seminal papers or books when I was studying for my doctorate. This was about the best opportunity I would have to see whether something positive could come out of an exchange among economists, organisation theorists, political scientists, social psychologists and sociologists. Regardless of what I thought deep down about the likelihood of success, optimism seemed the best attitude to adopt.

The optimism policy worked well. This was no doubt helped by us meeting on neutral ground (Sweden), and at a particular location (Saltsjöbaden) which had proved to be a very successful venue in the past for building bridges. For it was in Saltsjöbaden, in 1938, that the Swedish Employers' Association and the Swedish Trade Union Confederation had met and come to an agreement that was to provide the basis for Swedish social democracy. Since then, people have coined the term 'Saltsjöbaden spirit', to designate the willingness to cooperate and embrace a collective sense of responsibility.

So the venue boded well for the symposium, and it quickly became clear that there were some potentially fruitful points of contact for the various disciplines. Organisational or behavioural economics offered one possible meeting point, as did empirical questions such as the distinctive forms of organising that characterise the biotech field. And the recognition by economists of 'prosocial' behaviour in one of the papers demonstrated how

far economics has travelled in recent years. So this suggested the possibility of some convergence, although one participant ruefully remarked that there is a slight tendency for one discipline to 'discover' a phenomenon, just as another discipline is coming to regard it as passé. Of course, many issues demonstrated the gap between the different disciplines represented at the symposium: the question of power, however defined, proved something of a sticking point for those coming from sociology, as did the insistence on modelling for those coming from economics.

After two days of intensive debate, I had the task of presenting my own paper, and with an interesting dilemma: how to do so without both losing existing friends and gaining new enemies! For, rather than chide either economists or sociologists for some misdemeanour, I wanted to argue that both had failed to adequately address an important issue for modes of organising in the modern economy. The issue in question was the extensive and systematic pre-competitive information exchanges among firms, industries and a broad range of research agencies that characterise some sectors. The industry I took as my exemplar was microprocessors. While sociologists and organisation theorists have depicted economic action as embedded in interactions with other individuals and within institutional networks, they have only very recently started to address the roles of the various calculative practices that provide the infrastructure which enables some markets to operate. Economists, on the other hand, have argued for the need to develop an economic analysis of institutions and

novel organisational forms based on synergies, but to date have paid relatively little attention to information exchanges that occur without vertical integration. I took as my specific example the so-called 'Moore's Law', which suggests (rather puzzlingly, but so far more or less accurately) that the power of computer chips doubles approximately every two years, with no increase in cost. This, together with industry-wide 'Roadmaps', sets the pace of change in the computer industry as companies both cooperate and compete to produce newer technologies, with related industries caught in the same cycle.

Speaking at the end of the day has some benefits. My session, and any particularly difficult questions it might have produced, had to conclude to allow us to take a most pleasant boat trip around the archipelago. This put us all in a good mood for the concluding panel the following day. As for how far we progressed in the three days? Well, the 'Saltsjöbaden spirit' prevailed (most of the time), even if the academic equivalent of social democracy was not fully hammered out in the three days that we were together. And the organisers – Lars Engwall and Tore Ellingsen – were warmly congratulated for such an unprecedented initiative. ■



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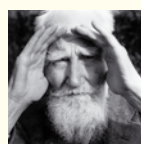


LSE and the Nobel Prize

Fourteen LSE alumni or staff members have been awarded Nobel Prizes

George Bernard Shaw, for his work. His plays include *Man and Superman*, *Heartbreak House* and *Pygmalion*. He was one of LSE's founders and also a founder and devoted member of the Fabian Society.

1925



Ralph Bunche, for his mediation in bringing peace to Palestine, as the UN mediator during the Arab-Israeli peace negotiations. He conducted postdoctoral research in anthropology at LSE from 1936 to 1938.

1950



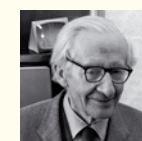
Lord Philip Noel-Baker, for his lifelong dedication to the cause of disarmament and international peace, and in particular for his book *The Arms Race*. He was the first Sir Ernest Cassel Professor of International Relations at LSE in 1924.

1959



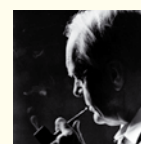
James Meade (jointly) for a path-breaking contribution to the theory of international trade and international capital movements. He taught at LSE from 1947 to 1957 and was a professor of commerce.

1977



Sir John Hicks (jointly), for his pioneering contribution to general economic equilibrium theory and welfare theory. He taught at LSE from 1926 to 1935.

1972



Sir Arthur Lewis (jointly) for pioneering research into economic development research with particular consideration of the problems of developing countries. He was a student at LSE from 1934 to 1937, and a member of staff from 1938 to 1948.

1979



Amartya Sen, for his contributions to welfare economics. His work restored an ethical dimension to economics. He was professor of economics at LSE from 1971 to 1977 and continued to teach part-time at the School until 1982.

1998



Ronald Coase, for his discovery and clarification of the significance of transaction costs and property rights for the institutional structure and functioning of the economy. He studied at LSE from 1929 to 1932 and was a member of LSE staff from 1935 to 1951.

1991



George Akerlof (jointly), for his analysis of markets with asymmetric information. He was Cassel Professor with respect to money and banking at LSE from 1978 to 1980.

2001



Leonid Hurwicz (jointly), for having laid the foundations of mechanism design theory. He studied for a PhD at LSE in 1938.

2007



Bertrand Russell, in recognition of his varied and significant writings in which he championed humanitarian ideals and freedom of thought. He was one of the spiritual and financial founders of LSE, and his involvement in the early life of the School helped to define its ethos.

1950



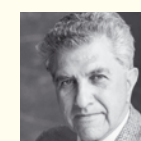
Friedrich von Hayek (jointly) for his pioneering work in the theory of money and economic fluctuations and for a penetrating analysis of the interdependence of economic, social and institutional phenomena. He lectured at LSE from 1931 to 1950 and was professor of economic science and statistics.

1974



Merton Miller (jointly) for pioneering work in the theory of financial economics. He was an assistant lecturer in American economic history at LSE from 1952 to 1953.

1990



Robert Mundell, for his analysis of monetary and fiscal policy under different exchange rate regimes and his analysis of optimum currency areas. He is an LSE alumnus (1956).

1999



- Nobel Prize in Economic Sciences
- Nobel Peace Prize
- Nobel Prize in Literature