



Batsman who led India to a famous victory in England

Ajit Wadekar
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Obituaries

Professor Sir James Mirrlees

Modest yet influential Scottish economist who thought that the phone call awarding him the Nobel prize in 1996 was a hoax

James Mirrlees's first thought was that he was the victim of a prank. "My second thought was to check the [phone] call was genuine," he said. Having ascertained that it was real, he was "full of glee" at sharing the Nobel prize in economics in 1996. "My subject has always been economics and human welfare," explained the softly spoken Scot. "It is a delight to have been able to contribute to that field and to have it recognised."

The award was for Mirrlees's work on "information asymmetry", which is about making transactions with imperfect knowledge. "That just means not knowing as much as you would like," he explained. Information asymmetry is where one party, the buyer or the seller, knows more about the goods or the service than the other. People selling their home know more about the house than a buyer; those seeking health insurance know more about their health than the insurer.

Mirrlees studied the applications of information asymmetry, exploring why buyers and sellers failed to possess all the information they needed when making a purchase or a sale and the implications for any deal. In insurance, for example, high-risk customers such as smokers, the elderly or those living in difficult environments may be more likely to take out cover. This could raise premiums for all customers, forcing the healthy or those who live in safe environments to withdraw. The solution is to perform actuarial work, screen all customers and charge different premiums based on potential risks.

Receiving the Nobel prize was not the greatest day of Mirrlees's life. That had been in 1968, when, according to the man once described as a self-effacing academic, "I finally cracked the optimal tax problem... It came in a flash and was very satisfactory." He had been investigating the links between levels of taxation and motivation to work and concluded that British tax rates could reasonably be higher, "particularly for middle-income earners", adding: "It could become a disincentive, but you could use the revenue for health services, education and welfare."

The Diamond-Mirrlees efficiency theorem, which he created with Peter Diamond from the Massachusetts Institute of Technology (MIT) in 1971, also looked at optimum levels of taxation and production in the economy. Three years later Mirrlees was the co-author, with Ian Little, of *Project Appraisal and Planning for Developing Countries*, which has been described as "the bible for people looking to invest in developing countries".

More recently the Mirrlees review of 2010, an examination of UK taxes, claimed that the system was inefficient, complex and frequently unfair. The review concluded that taxation on housing in England was a mess, with council tax still based on 1991 valuations; that the benefits system was unnecessarily complex; that more could be done to improve work incentives, especially for people aged 55 to 70; recommended that income tax and national insurance should be properly integrated; and pointed out that VAT was needlessly complex and inefficient.

Mirrlees was realistic about the prospects for change, acknowledging

that there were political difficulties associated with some of his proposals, but added: "There is also no getting away from the enduring costs of failure to reform." Unsurprisingly his review has been largely ignored.

Although Mirrlees enjoyed company from across the political spectrum, including a friendship with Sir Peter Bottomley — his former student and a Conservative MP — he was a Labour supporter. "I have never voted for any other party," he said in 1996, adding that his affiliation was "because of a desire for egalitarianism, not for any great fondness for public ownership". Indeed, he had no qualms about denationalisation and the shedding of jobs that followed. "People will get employed doing other things," he insisted. "That is the faith of economists, which non-economists find hard to believe: there will be other jobs somewhere else."

James Alexander Mirrlees was born in Minnigaff, Kirkcudbrightshire, in 1936. He was the son of George Mirrlees, a bank manager who started

His prodigious ability allowed him to skip the first year of his degree

work at 13, and his wife, Annie (née Brown), known to all as Nan. A younger brother, Alastair, left school at 16, emigrated to Canada and became the vice-president of the Royal Bank of Canada.

James was educated at Douglas Ewart High School in Newton Stewart, devouring advanced mathematics books on the school bus. When the headmaster asked him at 15 what he wanted to be, he replied "a professor of mathematics", later noting that "Mr Geddie sounded appropriately sceptical". Sport did not feature highly, but he proudly recalled how he "once took a catch in the annual cricket match".

Peritonitis meant that he missed the Cambridge scholarship exam. Instead he read maths with added philosophy at the University of Edinburgh, where his prodigious ability allowed him to skip the first year. Thanks to scholarships and frugal living he could afford to go to concerts and enjoyed visiting the National Gallery of Scotland. His 21st birthday present was a typewriter and he spent the summer of 1957 teaching himself to touch-type.

After graduating he added economics to his portfolio, studying for a second degree at Trinity College, Cambridge. He became the president of the Student Christian Movement, but would later declare that he was an atheist. He stayed on to complete a PhD in economics, with his thesis, *Optimum Planning for a Dynamic Economy*, supervised by Sir Richard Stone (obituary, December 11, 1991), who



Sir James Mirrlees passing on his wisdom to young economists at St Petersburg State University in 2010 and, left, as a student



won the Nobel prize in 1984. Wanting to do some good in the world, Mirrlees joined MIT's centre in Delhi. There he worked with Paul Samuelson (obituary, December 14, 2009), an earlier Nobel prizewinner, and co-wrote the *Manual of Industrial Project Analysis in Developing Countries* with Little. He worked as a government adviser in Swaziland and for the Paki-

stan Institute of Development Economics in Karachi before returning to Cambridge. In 1968, when he was only 32 years old, he was appointed professor of economics at Nuffield College, Oxford. At various times he was a visiting fellow at MIT, the University of California, Berkeley, and Yale University.

In 1961 Mirrlees had married Gillian Hughes, who had just finished her teacher training. He took his typewriter on their honeymoon in Scotland, where he wrote a paper entitled *Contributions to a Theory of Economic Planning*. They had two daughters: Catriona, who worked for the Home

Office and now lives in Australia; and Fiona, who works at Lancaster University. He recalled that when Catriona was born he "cooked duck à l'orange for the only time in my life".

After Gillian died from breast cancer in 1993 Mirrlees returned to Cambridge as professor of political economy and fellow of Trinity College. Some years later he met Patricia Wilson, who was working at the university and helped to organise a visit to China for him. They were married in 2001 and she survives him with his daughters, a stepson, Rory, who is a lawyer, and four grandchildren. Despite his atheism Mirrlees was keen to have the marriage blessed in the chapel of Trinity College.

He shared the Nobel prize with William Vickrey (obituary, October 14 1996), a Canadian economist who died of a heart attack only three days after the announcement. Mirrlees proved somewhat elusive to journalists anxious to learn about the new Nobel laureate and his work. Valerie Grove from *The Times* was unable to find him in Cambridge and was boarding a train home when he finally returned her calls. Ever the gentleman, he jumped in his car to rescue her then sat chatting long into the night.

With a head of whitish hair, a round,

He took his typewriter on honeymoon to write a paper on economics

boyish face and a manner that personified gentlemanly charm, Mirrlees was modest to a fault and always insisted on carrying his own bags. In 2009 he was appointed as the founding master of Morningside College at the Chinese University of Hong Kong, where a scholarship has been established in his name, as has one at Trinity.

Never forgetting his roots, or losing his Scottish burr, Mirrlees was a member of the Council of Economic Advisers in Scotland. Anton Muscatelli, one of its members and the principal of the University of Glasgow, paid tribute after his death. "I am amazed by just how many leaders in the economics profession in the UK and beyond were supervised by Jim or mentored by him at some stage," Muscatelli said. "It reads like a who's who of economists."

Mirrlees played the piano and enjoyed seeking out concerts in whichever part of the world he was in. He relaxed by reading detective stories by Rex Stout, PD James, John Dickson Carr and the like. On the last day of his life a friend from the London Symphony Orchestra arranged for a viola player and a pianist to perform a private concert. A few hours later he died with a recording of Schubert's *Impromptus* playing in the background.

Despite his pre-eminence, Mirrlees insisted that "much of economics is in a way quite simple", but he added a note of caution: "It is simple to be wrong as well as to be right and it is none too easy to distinguish between the two."

Professor Sir James Mirrlees, economist, was born on July 5, 1936. He died from a brain tumour on August 29, 2018, aged 82